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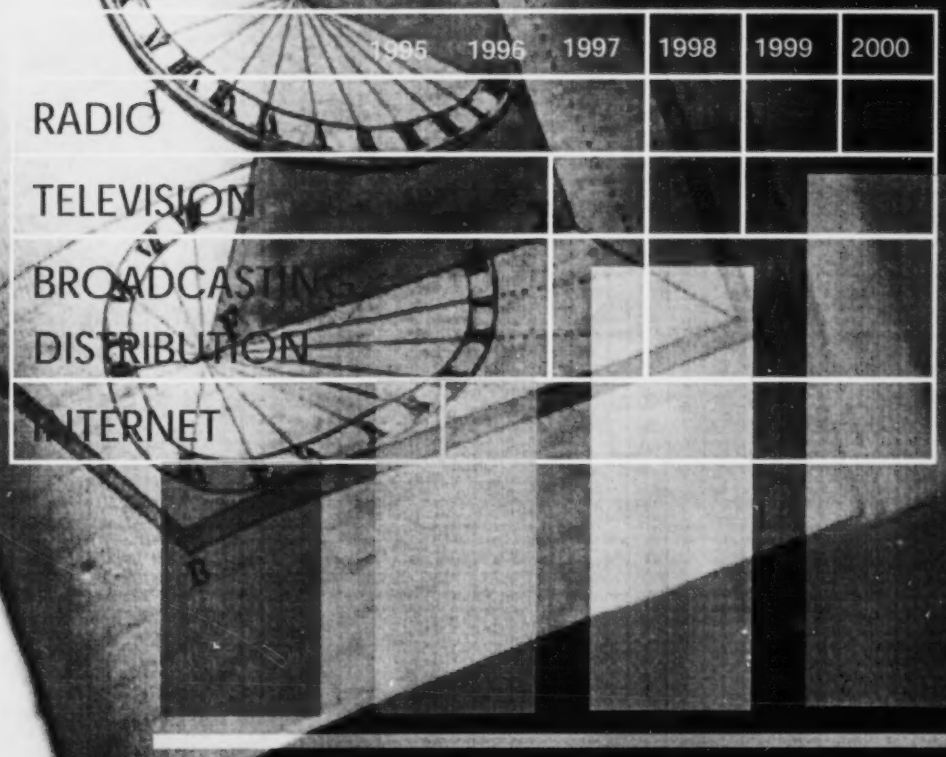
# Broadcasting Policy Monitoring Report 2001

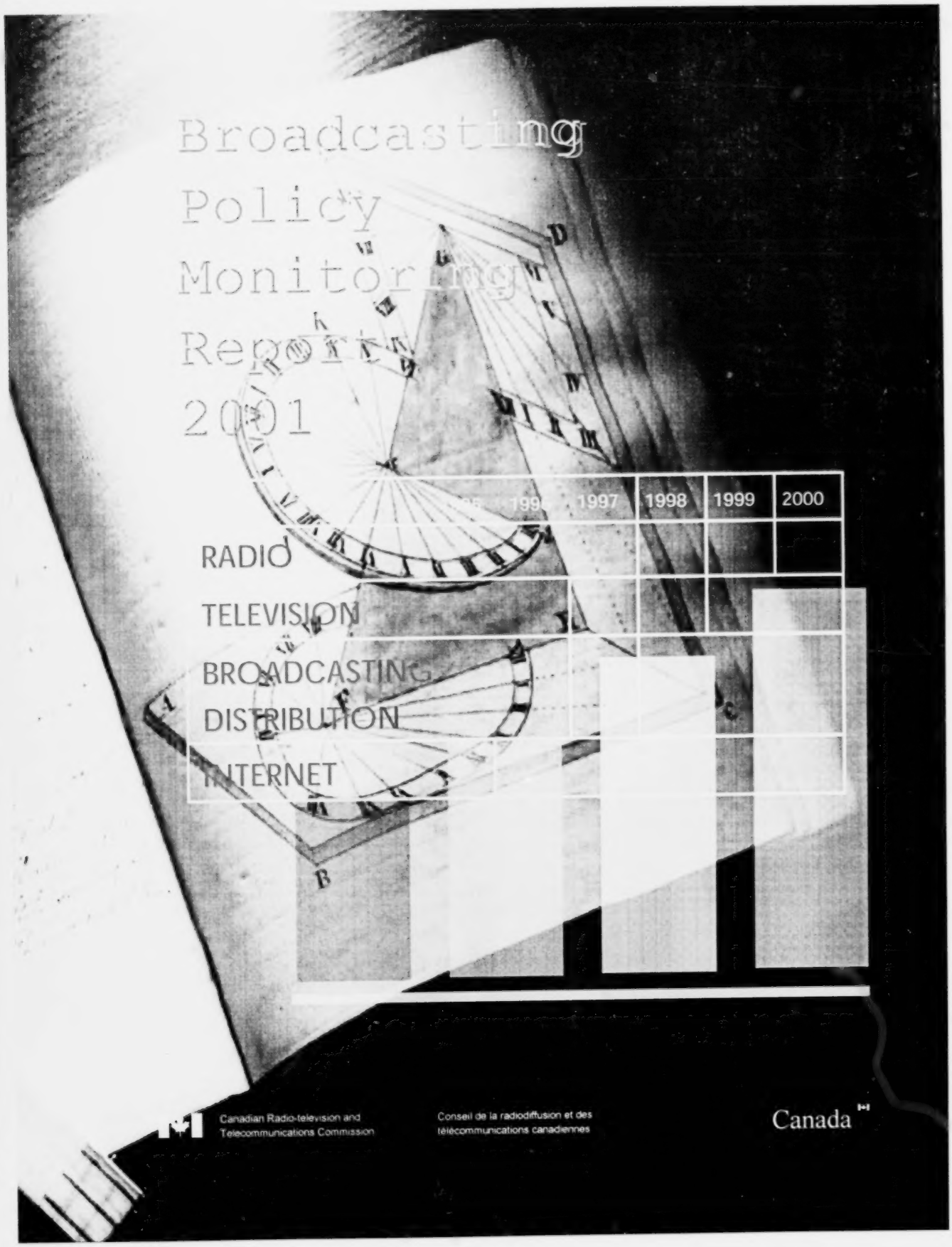



Canadian Radio-television and Telecommunications Commission

Conseil de la radiodiffusion et des télécommunications canadiennes

Canada

# Broadcasting Policy Monitoring Report 2001




Canadian Radio-television and Telecommunications Commission

Conseil de la radiodiffusion et des télécommunications canadiennes

Canada

October 29, 2001

## Introduction

This second edition of the CRTC's Broadcasting Policy Monitoring Report provides a number of performance indicators that the CRTC uses in its on-going assessment of the impact of broadcasting regulations, policies and decisions. We hope that publishing this report will help to foster a more open and better-informed public discussion of broadcasting policy in Canada.

The CRTC released its first Broadcasting Policy Monitoring Report at the annual convention of The Canadian Association of Broadcasters held in Calgary, Alberta in November of 2000. The report was in response to the many new regulatory frameworks and policies that had been implemented by the CRTC in the previous few years. The monitoring report was intended to measure the results and effectiveness of CRTC policies and identify policy areas that may require further review or adjustment.

The 2001 report updates the performance indicators from the first edition and provides new indicators for policies implemented and decisions taken in the past year.

The performance indicators and data provided in this report take into consideration a number of policies and decisions, including the following:

- New Regulatory Framework for Broadcasting Distribution Undertakings – Public Notice CRTC 1997-25
- Commercial Radio Policy – Public Notice CRTC 1998-41
- New Media – Broadcasting Public Notice CRTC 1999-84 and Telecom Public Notice CRTC 99-14
- A Policy Framework for Canadian Television – Public Notice CRTC 1999-97
- Ethnic Broadcasting Policy – Public Notice CRTC 1999-117
- Licensing Framework Policy for New Digital Pay and Specialty Services – Public Notice CRTC 2000-6
- Campus Radio Policy – Public Notice CRTC 2000-12
- Community Radio Policy – Public Notice CRTC 2000-13
- A Policy to Increase the Availability to Cable Subscribers of Specialty Services in the Minority Official Language – Public Notice CRTC 2001-26
- Licence Renewals for the French-language National Television Network TVA and for the French–language Television Programming Undertaking CFTM-TV Montréal – Decision CRTC 2001-385
- Licence Renewals for the Television Stations Controlled by CTV – Decision CRTC 2001-457
- Licence Renewals for the Television Stations Controlled by Global – Decision CRTC 2001-458

The report is sub-divided in four sections: Radio, Television, Broadcasting Distribution and the Internet.

Interested parties wishing to provide comments for improvements or additions to future editions of the report can do so by forwarding them to the attention of the Secretary General, CRTC, Ottawa, K1A 0N2 or electronically at info@crtc.gc.ca.

The Broadcasting Policy Monitoring Report is also available electronically at www.crtc.gc.ca/ENG/publications/reports.htm

Ce document est également disponible en français.

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# Radio

## I. Radio Tuning and relationship with other media

### A. Tuning Trends

- The following charts and tables outline the total hours tuned to radio in an average week during the fall surveys of 1995-2000. Chart and table 1 provide the total hours tuned over the entire day, while chart and table 2 include the total hours tuned between 6 a.m. and 6 p.m.

- The intent of tables 1 and 2 is to monitor the on-going use of radio by Canadians.

Table 1: Radio Tuning in an Average Week
Total Hours Tuned ("THT") (000's)
All persons 12+, 5 a.m. to 1 a.m.

| | 1995 | | 1996 | | 1997 | | 1998 | | 1999 | | 2000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % |
| English AM | 163,704 | 31 | 146,937 | 29 | 143,274 | 28 | 138,986 | 25 | 133,316 | 25 | 126,419 | 24 |
| English FM | 226,945 | 43 | 231,903 | 45 | 233,510 | 45 | 269,081 | 49 | 268,211 | 49 | 267,612 | 50 |
| French AM | 32,075 | 6 | 31,208 | 6 | 29,219 | 6 | 24,052 | 4 | 20,536 | 4 | 15,990 | 3 |
| French FM | 81,606 | 15 | 76,944 | 15 | 79,684 | 15 | 91,160 | 17 | 91,898 | 17 | 92,743 | 17 |
| Other* | 27,408 | 5 | 29,202 | 5 | 30,877 | 6 | 29,523 | 5 | 30,675 | 5 | 29,025 | 6 |
| Total | 531,738 | 100 | 516,194 | 100 | 516,564 | 100 | 552,802 | 100 | 544,636 | 100 | 531,789 | 100 |

* Note: Other is principally tuning to U.S. stations
Source: BBM Fall 1995 to Fall 2000

Table 2: Radio Tuning in an Average Week
6 a.m. to 6 p.m. Total Hours Tuned ("THT")(000's)
All persons 12 +

| | 1995 | | 1996 | | 1997 | | 1998 | | 1999 | | 2000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % | THT ('000) | % |
| English AM | 135,400 | 31 | 122,188 | 29 | 119,794 | 28 | 116,767 | 26 | 111,626 | 25 | 105,086 | 24 |
| English FM | 181,130 | 42 | 185,920 | 44 | 188,027 | 45 | 217,845 | 48 | 216,287 | 49 | 216,335 | 50 |
| French AM | 27,793 | 6 | 26,886 | 6 | 25,102 | 6 | 20,788 | 5 | 17,381 | 4 | 13,466 | 3 |
| French FM | 67,271 | 16 | 64,042 | 15 | 67,068 | 16 | 77,075 | 17 | 77,225 | 17 | 77,812 | 18 |
| Other | 20,140 | 5 | 21,065 | 6 | 22,819 | 5 | 22,041 | 4 | 23,026 | 5 | 21,963 | 5 |
| Total | 431,734 | 100 | 420,101 | 100 | 422,810 | 100 | 454,516 | 100 | 445,545 | 100 | 434,662 | 100 |

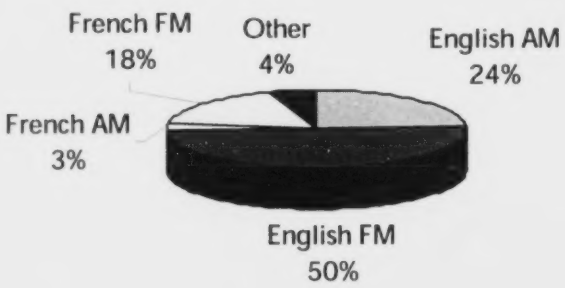
Source: BBM Fall 1995 to Fall 2000

- The total average weekly hours tuned in fall 2000 declined by 2% from fall 1999 both over the entire day (5 a.m. to 1 a.m.) and the 6 a.m. to 6 p.m. period.

- The following charts, generated from Tables 1 and 2, compare the tuning levels of AM and FM stations in fall 2000, and clearly demonstrate the predominance of FM radio.

Chart 1: Total Hours Tuned in an Average Week, Fall 2000

Chart 2: Total Hours Tuned in an Average Week, 6 a.m. to 6 p.m., Fall 2000




- In the Fall of 2000, 93.2% of Canadians aged 12 and over listened to the radio for at least 15 minutes in an average week, as compared to 94.9% in 1995. The average hours per week tuned per listener have remained in the 22 hours per week range since 1995. (Source: BBM Radio Databooks)

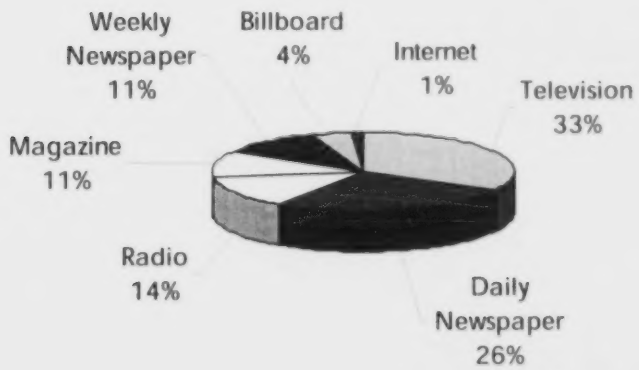
## B. Advertising

### Table 3: Advertising revenue by media ($ millions)

| Media | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001(1) |
|---|---|---|---|---|---|---|---|
| Television (3) | 1,876 | 1,994 | 2,104 | 2,321 | 2,350 | 2,430 | 2,472 |
| Daily Newspaper (2) | 1,323 | 1,399 | 1,644 | 1,698 | 1,734 | 1,951 | 1,979 |
| Radio | 769 | 798 | 848 | 920 | 952 | 1 000 | 1,055 |
| Magazine | 621 | 611 | 647 | 707 | 721 | 805 | 865 |
| Weekly Newspaper | 615 | 634 | 673 | 765 | 765 | 788 | 808 |
| Billboard | 167 | 200 | 220 | 246 | 269 | 293 | 300 |
| Internet | - | 1.5 | 9.8 | 24.5 | 55.5 | 109.0 | 142.0 |
| Total | 5,371 | 5,638 | 6,146 | 6,682 | 6,847 | 7,376 | 7,621 |
| % Annual Increase | 7.6% | 5% | 9% | 8.7% | 2.5% | 7.7% | 3.3% |

Source: Carat Expert, Panorama Publicitaire 2001
Notes: (1) Carat Expert Projections
(2) Excludes classified ads.
(3) Includes conventional TV and specialty services

### Chart 3: Share of advertising revenue by media, 2000




### Table 4: Share of Advertising Revenue by Media (%)

| Media | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001(1) |
|---|---|---|---|---|---|---|---|
| Television (3) | 34.9 | 35.4 | 34.2 | 34.7 | 34.3 | 32.9 | 32.4 |
| Daily Newspaper (2) | 24.6 | 24.8 | 26.7 | 25.4 | 25.3 | 26.5 | 26.0 |
| Radio | 14.3 | 14.2 | 13.8 | 13.8 | 13.9 | 13.6 | 13.8 |
| Magazine | 11.6 | 10.8 | 10.5 | 10.6 | 10.5 | 10.9 | 11.4 |
| Weekly Newspaper | 11.5 | 11.2 | 11.0 | 11.4 | 11.2 | 10.7 | 10.6 |
| Billboard | 3.1 | 3.5 | 3.6 | 3.7 | 3.9 | 4.0 | 3.9 |
| Internet | - | 0.0 | 0.2 | 0.4 | 0.8 | 1.5 | 1.9 |

Source: Carat Expert, Panorama Publicitaire 2001
Notes: (1) Carat Expert Projections
(2) Excludes classified ads.
(3) Includes conventional TV and specialty services

- Total commercial radio advertising revenues have increased annually from 1995 to 2000.

- Radio's share of the advertising pie has gradually declined from 1995 to 2000.

### C. Digital Radio

- The Commission issued Public Notice CRTC 1995-184 "A policy to govern the introduction of digital radio" on 29 October 1995.

- As of July 2001, 56 licences for transitional digital radio undertakings (DRUs) had been granted. Of these licences, 42 were issued to existing commercial radio stations and 14 to existing CBC stations.

- These 56 stations are located in 4 different markets:

  Montreal: 12, Toronto: 24, Vancouver: 14 and Windsor: 6

- To find out more about digital radio, you can visit the following website at http://www.digitalradio.ca

  or for more information on how DAB is performing worldwide at

  http://www.magi.com/~moted/dr/
  http://www.wohnort.demon.co.uk/DAB/

## II. Ownership

### A. The Top 10 Ownership Groups

- In revising its ownership policy in Public Notice CRTC 1998-41 "Commercial Radio Policy 1998" the Commission focused on developing a model that would allow for some measure of consolidation, while taking into account its general concerns for preserving a diversity of news voices and maintaining competition.

- Tables 5 and 6 monitor ownership consolidation in the radio industry.

Table 5: Ten Largest Radio Operators
Radio Revenue & National Share

| Corporations: | # of radio undertakings | | | Radio Revenue (000s) | | | National share of Revenue (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 |
| Corus Entertainment Inc. | 11 | 11 | 43 | 51,524 | 51,568 | 166,656 | 5 | 5 | 16 |
| Télémédia Inc. | 25 | 28 | 76 | 68,558 | 78,717 | 125,311 | 7 | 8 | 12 |
| Rogers Inc. | 19 | 25 | 29 | 85,355 | 108,820 | 120,719 | 9 | 11 | 12 |
| CHUM Limited | 25 | 27 | 28 | 78,125 | 89,342 | 98,491 | 8 | 9 | 10 |
| Standard Broadcasting Corp. Ltd. | 14 | 13 | 12 | 81,737 | 88,379 | 90,879 | 9 | 9 | 9 |
| Astral Media Inc. (prev. Radiomutuel) | 12 | 12 | 12 | 41,621 | 39,825 | 40,845 | 4 | 4 | 4 |
| Metromédia CMR Broadcasting Inc. | 5 | 7 | 6 | 25,555 | 32,490 | 33,419 | 3 | 3 | 3 |
| Newcap Broadcasting Inc. | 12 | 13 | 20 | 19,906 | 23,700 | 32,202 | 2 | 2 | 3 |
| Maritime Broadcasting Ltd. | - | 19 | 19 | - | 23,103 | 23,222 | - | 2 | 2 |
| Rawlco Entreprises Ltd. | 13 | - | 8 | 46,229 | - | 17,162 | 5 | - | 2 |
| WIC – Western International Com. Ltd. | 12 | 12 | - | 73,506 | 79,869 | - | 8 | 8 | - |
| TOTAL | 148 | 167 | 253 | 572,116 | 615,813 | 748,906 | 61 | 63 | 73 |
| TOTAL – ALL PRIVATE RADIO | 486 | 486 | 493 | 940,068 | 973,754 | 1,023,439 | 100 | 100 | 100 |

Sources: CRTC Internal Report 'Ownership August 1999', August 2000 & CRTC Financial Database.

- The revenue increases by the largest operators can be attributed to both general economic expansion and acquisitions.

- Both the number of stations operated by the top 10 radio operators and their national share of revenues continue to rise.

## B. "Top 10" by Total Hours Tuned

Table 6: Ten Largest Radio Operators Tuning

| Corporations: | Listening Hours (000's) | | | All Radio Share (%) | | |
|---|---|---|---|---|---|---|
| | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 |
| Corus Entertainment Inc. | 25,411 | 22,628 | 70,130 | 5 | 4 | 13 |
| Télémédia Inc. | 40,357 | 38,401 | 53,385 | 7 | 7 | 10 |
| Rogers Inc. | 34,648 | 46,662 | 45,910 | 6 | 9 | 9 |
| Standard Broadcasting Corp. Ltd | 46,962 | 43,277 | 40,540 | 8 | 8 | 8 |
| CHUM Limited | 38,196 | 40,663 | 39,667 | 7 | 7 | 7 |
| Metromedia CMR Broadcasting Inc. | 22,490 | 24,055 | 18,995 | 4 | 4 | 4 |
| Astral Media Inc. (prev. Radiomutuel) | 19,023 | 20,191 | 18,827 | 3 | 4 | 4 |
| Newcap Broadcasting Inc. | - | 11,477 | 12,191 | - | 2 | 3 |
| Maritime Broadcasting Ltd | 10,241 | 10,697 | 10,145 | 2 | 2 | 2 |
| Radiomédia Inc. | - | - | 9,136 | - | - | 2 |
| WIC – Western International Com. | 39,249 | 38,293 | - | 7 | 7 | - |
| Rawlinson Group | 14,073 | - | - | 3 | - | - |
| TOTAL | 290,650 | 296,344 | 318,926 | 53 | 54 | 61 |
| TOTAL PRIVATE RADIO | 466,091 | 459,198 | 435,794 | - | - | - |
| TOTAL ALL RADIO – CANADA | 552,798 | 544,637 | 531,789 | 100 | 100 | 100 |

Source: CRTC Internal Report 'Ownership August 2000', July 2001
BBM, Fall 1998 to 2000

- Changes in the total number of hours tuned by group are related primarily to acquisitions.

- The ten largest radio groups attracted 61% of the audience and 73% of radio industry revenues in 2000, significantly higher than the 1999 results of 54% and 63% respectively.

## III. Competitive licensing

- In the 1998 commercial radio policy the Commission determined that in order to encourage competition and choice it would no longer apply the criteria outlined in the radio market policy. The elimination of the radio market policy, combined with the revised common ownership policy, has resulted in numerous competitive processes for new FM stations in markets across Canada.

- In Decision CRTC 99-480, 28 October 1999, the Commission outlined the factors that will generally be among those relevant to the evaluation of competitive applications. The decision also noted that the relative weight and significance of the factors will vary depending on the specific circumstances of the market concerned.

- The following table reveals the factors that have contributed to successful competitive commercial applications since the introduction of the 1998 commercial radio policy.

Table 7: Factors contributing to successful applications for commercial radio licences considered by competitive processes following PN 1998-41

| Application | Canadian Content | CTD | Business Plan | Competitive Balance | Diversity of voices |
|---|---|---|---|---|---|
| Victoria – O.K. Radio | | X | X | | |
| Victoria – Rogers | | X | X | | |
| Victoria - Seacoast | | X | X | X | |
| Duncan - CKAY | | | X | | |
| London - CHUM | | X | X | | |
| Saskatoon - Hildebrand | X | X | X | X | |
| Lloydminster - Peace River | X | X | X | | X |
| Hamilton/Burlington -Kirk/Roe | | X | X | | X |
| Barrie - Rock 95 | X | X | X | X | |
| Belleville - Zwig | | | X | X | |
| Toronto - Milestone | | | X | | X |
| Toronto - AVR | | X | X | | X |
| Toronto - PrimeTime | | X | X | | X |
| Moncton - Losier | | | X | | X |
| Moncton - Maritime | | | | X | |
| Moncton - Atlantic | | | X | X | |
| Saint-John - NBBC | | | | X | |
| Kingston - Wright | | X | X | | X |
| Calgary – Standard | X | | X | X | |
| Calgary – Telemedia * | | | X | | X |
| Calgary – AVR | | | | | X |
| Vancouver – Focus | | X | X | | X |
| Vancouver – CBC * | | | | | X |
| Vancouver – AVR * | | | | | X |
| Vancouver – SFU Community * | | | | | X |
| Ottawa/Hull – Newcap | X | X | X | | X |
| Ottawa/Hull – AVR | | | | | X |
| Ottawa/Hull – CHIN | | X | X | | X |
| Ottawa/Hull – Radio Nord * | | X | X | | X |
| Total (29 stations) | 5 | 15 | 22 | 8 | 17 |

Source: CRTC Decisions
* Approvals in principle
Notes: CTD – Canadian talent development
Business Plan includes the proposed format

## IV. Canadian Talent Development (CTD)

The Commission reviews radio licensee contributions to CTD in the following circumstances:

A) Applications for new radio stations
B) Transfers of control or ownership (benefits)
C) Renewal of radio licences

### A. Applications for new radio licences

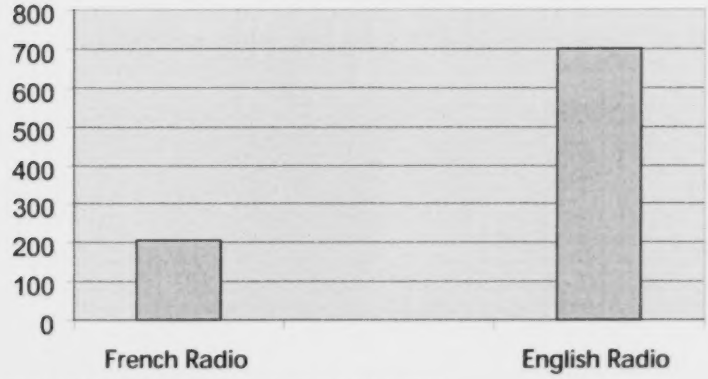
- Since the introduction of the new commercial radio policy through to September 2001, the Commission has licensed 29 new radio stations (including 3 native type B stations and one CBC station) through competitive processes in markets across Canada. These stations combined committed to spend more than $16 million on CTD initiatives over a 7-year period.

- In addition, 15 new radio licences were granted without a competitive process. These stations combined committed $236,000 towards CTD initiatives.

### B. Transfers of control or ownership (benefits)

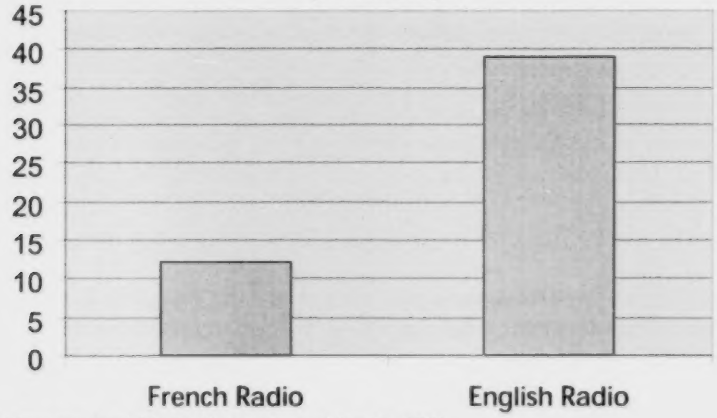
- As outlined in the Commercial Radio Policy applicants for the transfer of ownership or control of radio stations must make commitments to benefits that represent a minimum direct financial contribution to Canadian Talent Development of 6% of the value of the transaction. Three percent is to be allocated to the Star Maker/RadioStar music marketing and promotion funds two percent to either FACTOR or MusicAction, and one percent at the discretion of the purchaser.
- Since the adoption of the new Commercial Radio Policy, there have been 53 Commission approved control and/or ownership transactions involving 194 radio stations.
- CTD benefits from these transactions have totalled $51.4 million.

Chart 4: Value of radio transactions
($ millions)




Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

Chart 5: Value of transfer benefits
($ millions)




Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

Chart 6: Breakdown of transfer benefits

Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

## C. Renewal of radio licences

- As part of their licence renewal applications, all licensees of private commercial radio stations are asked to make an annual financial commitment to Canadian talent development.

- In Public Notice CRTC 1995-196 "Contributions by radio stations to Canadian talent development – a new approach," the Commission, in conjunction with the industry, established an approach which would ensure a minimum annual payment of $1.8 million to eligible third parties for CTD.

- The following table indicates the amount of money contributed to CTD initiatives in the context of licence renewals.

Table 8: CTD Annual Contributions – Licence Renewals

| (dollars) | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| FACTOR | 991,847 | 981,457 | 965,043 | 835,074 |
| MusicAction | 354,508 | 358,530 | 287,800 | 269,599 |
| Other: | | | | |
| - Music Organizations | N/A | N/A | 406,588 | 505,888 |
| - Performing Arts Groups | N/A | N/A | 408,672 | 109,836 |
| - Schools or Scholarships | N/A | N/A | 137,837 | 124,590 |
| Total – Other | 1,121,691 | 598,714 | 953,097 | 740,314 |
| Total 3rd party Contributions | 2,468,046 | 1,938,701 | 2,205,940 | 1,844,987 |
| Local Initiative Contributions | 33,500 | 774,305 | 614,068 | 657,487 |
| TOTAL – CTD Contributions | 2,501,546 | 2,713,006 | 2,820,008 | 2,502,474 |

Source: CRTC Financial Database, Annual Returns

## V. Diversity of Formats

- In the development of the 1998 commercial radio policy the broadcasting industry submitted that an increase in consolidation in markets would lead to an increase in the diversity of formats.

- The following tables (9-12) compare the diversity of radio formats available in a sample of markets from across Canada, 1998-2000.

- Overall, the number of distinct radio formats available in the sample of markets has generally remained at the same level since the introduction of the 1998 policy.

Table 9: Formats of market stations for Vancouver, Kelowna, Calgary, and Regina

| format of market stations | Market | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Vancouver | | | Kelowna | | | Calgary | | | Regina | | |
| | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 |
| Adult Contemporary (AC) | 1 | 1 | 1 | - | 1 | 2 | 2 | 1 | 1 | | | |
| AC Light Rock | - | - | 1 | - | - | - | | | 1 | | | |
| AC /Oldies | | | | | | | | | | | | 1 |
| Adult Rock | | | | | | | | | 1 | | | 1 |
| Album-Oriented Rock (AOR) | - | 1 | 2 | 1 | - | 1 | 1 | 1 | 1 | 2 | 2 | 1 |
| Contemp. Album Rock (CAR) | 1 | - | - | - | - | - | | | | | | |
| Contemp. Hit Radio (CHR) | 2 | 2 | 1 | - | - | - | 1 | 1 | | | | 1 |
| CHR/Dance | - | - | - | - | - | | | | | | | |
| Classic Rock | 1 | 1 | - | | 1 | | | 1 | | | | |
| Country | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 1 |
| Country Gold | - | - | - | - | - | | 1 | 1 | 1 | | | |
| Ethnic | 2 | 2 | 2 | - | - | | | | | | | |
| Ethnic Specialty | 1 | 1 | 1 | - | - | | | 1 | 1 | | | |
| Gospel Specialty | - | - | - | - | - | | 1 | 1 | 1 | | | |
| News | 1 | 1 | 1 | - | - | | | | | | | |
| News/Talk | 1 | 1 | 3 | 1 | | 1 | 1 | 1 | 1 | 1 | 1 | |
| Nostalgia | 1 | 1 | - | - | - | | 1 | 1 | | | | |
| Oldies | 1 | 1 | 1 | 1 | | | 1 | 1 | 1 | 1 | 1 | |
| Soft AC | 1 | 1 | - | 1 | 1 | | | | | | | |
| Talk | 1 | 1 | 1 | - | - | | | | | | | |
| Talk/AC | 1 | 1 | - | - | - | | | | | | | |
| True Oldies | | | 1 | | | | | | 1 | | | 1 |
| Total # of stations | 16 | 16 | 16 | 5 | 5 | 5 | 10 | 11 | 11 | 6 | 6 | 6 |
| # of distinct formats | 14 | 14 | 12 | 5 | 4 | 4 | 9 | 11 | 11 | 4 | 4 | 6 |

Sources: CRTC Research

## Table 10: Formats of market stations for Sudbury, London, Toronto, and Ottawa-Hull

| format of market stations | Market | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sudbury | | | London | | | Toronto | | | Ottawa-Hull | | |
| | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 |
| AC | 2 | 1 | 1 | 1 | 1 | 3 | 4 | 4 | 4 | 2 | 2 | 2 |
| AC/News/ Talk | | | | 1 | 1 | | | | | | | |
| Adult Rock | | | | | | 1 | | | | | | |
| Alternative | | | | | | | | | 1 | | | |
| AOR | 1 | 1 | 1 | | | | | | 1 | | | |
| CAR | | | | 1 | 1 | | 1 | 1 | | 1 | 1 | 2 |
| CFA Specialty | | | | | | | 1 | 1 | 1 | | | |
| CHR | | | | | | | 1 | 1 | 1 | 3 | 2 | 1 |
| CHR/Dance | | | | | | 1 | | 1 | 1 | | | |
| Classic Rock | | | | 1 | 1 | | | | | 1 | 1 | 1 |
| Country | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | 1 | 1 | 1 |
| Easy listening | | | | | | | | | 1 | | | |
| Ethnic | | | | | | | 3 | 3 | 3 | | | |
| Ethnic Specialty | | | | | | | 2 | 2 | 2 | | | |
| Gold | | | | | | | | | | 1 | 1 | |
| Modern Rock | | | | | | | 1 | 1 | | | | |
| News/Talk | 1 | | | | | 1 | 2 | 2 | 3 | 2 | 2 | 2 |
| News/Talk Sports | | | | | 1 | | | | | | | |
| Nostalgia | | | | 1 | 1 | | | | | | | |
| Oldies | | 1 | 1 | 1 | | | 1 | 1 | 1 | | | 1 |
| Oldies/Sports/Talk | | | | | | 1 | | | | | | |
| Soft AC | | 1 | 1 | | | | | | | | | |
| Sports | | | | | | | | | | | 1 | |
| Talk | | | | | | | 1 | 1 | | | | |
| Talk/Sports | | | | | | | 1 | 1 | 1 | | | 1 |
| Total # of stations | 5 | 5 | 5 | 7 | 7 | 8 | 19 | 19 | 20 | 11 | 11 | 11 |
| # of distinct formats | 4 | 5 | 5 | 7 | 7 | 6 | 12 | 12 | 12 | 7 | 8 | 8 |

Sources: CRTC Research

## Table 11: Formats of market stations for Montréal, Québec, Chicoutimi-Jonquière, and Halifax

| format of market stations | Market | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Montréal | | | Québec | | | Chicoutimi-Jonquière | | | Halifax | | |
| | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 | 1998 | 1999 | 2000 |
| AC | 3 | 3 | 3 | 3 | 3 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| AOR | | 1 | 1 | | | | 1 | 1 | | | | |
| CAR | 1 | | 1 | | | | | | | | | |
| CFA Specialty | 1 | 1 | 1 | | | | | | | | | |
| CHR | 3 | 3 | 1 | | | | | | 1 | 1 | | 1 |
| Classic Rock | | | | | | | | | | 1 | 1 | |
| Country | | | | | | | | | | 2 | 2 | 2 |
| Ethnic | 1 | 1 | 1 | | | | | | | | | |
| Gold | | | | 1 | 1 | | | | | | | |
| Hot AC | | | | | | | | | | | 1 | |
| MOR | 1 | 1 | 1 | 1 | 1 | | | | | | | |
| News/Talk | 3 | 3 | 4 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Oldies | | 1 | 2 | | | 1 | | | | 1 | 1 | 2 |
| Talk | 2 | 1 | | | | | | | | | | |
| Total # of stations | 15 | 15 | 15 | 6 | 6 | 6 | 3 | 3 | 3 | 7 | 7 | 7 |
| # of distinct formats | 8 | 9 | 9 | 4 | 4 | 3 | 3 | 3 | 3 | 6 | 6 | 5 |

Sources: CRTC Research

Table 12: Formats of market stations for St. John's

| Format of market station | St. John's | | |
|---|---|---|---|
| | 1998 | 1999 | 2000 |
| AC | | | 1 |
| AC/Country | 2 | 2 | |
| AC/Oldies | | | 1 |
| AOR/CHR | 1 | 1 | 1 |
| Country | 1 | 1 | 1 |
| Gold | 1 | 1 | |
| Light Rock | | | 1 |
| Religion | 2 | 2 | 2 |
| Total # of stations | 7 | 7 | 7 |
| # of distinct formats | 5 | 5 | 6 |

Sources: CRTC Research

## VI. Popularity of Formats

Table 13: Total Hours tuned (THT) By Format – All Canada ('000)

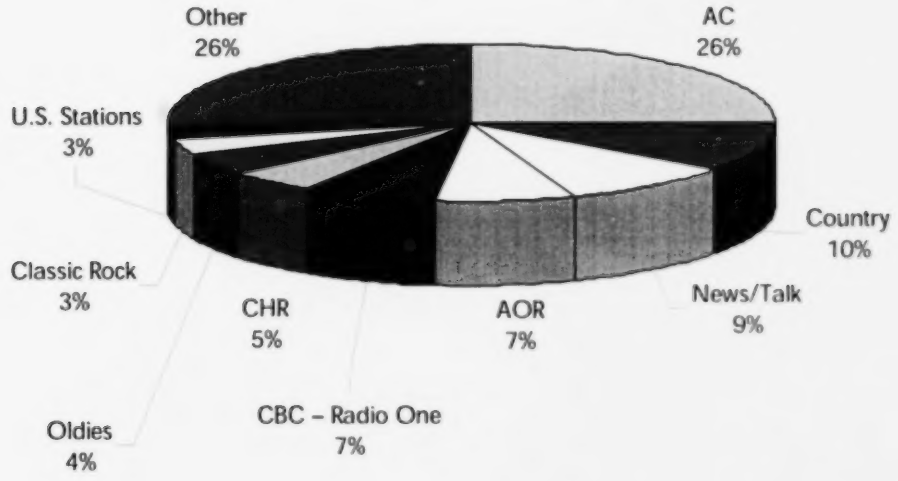
| Format | Canada | | | |
|---|---|---|---|---|
| | 1997 | 1998 | 1999 | 2000 |
| AAA (Album Adult Alternative) | 852 | 812 | 968 | |
| AC (Adult Contemporary) | 134,329 | 136,821 | 125,313 | 132,480 |
| AC Christian | 336 | 268 | 186 | 62 |
| AC/Country | 5,686 | 6,588 | 6,050 | 3,772 |
| AC/Country/ CBC | | 80 | 71 | 81 |
| AC/Country/ Folk | | 81 | | |
| AC/Gold | 948 | 411 | 175 | |
| AC/News/ Talk | 1,747 | 1,556 | 1,422 | 2,954 |
| AC/Oldies | | | 640 | 12,875 |
| AC/Talk | | 2,188 | 2,801 | |
| AOR (Adult Oriented Radio) | 17,938 | 19,480 | 25,845 | 39,763 |
| CAR (Contemporary Album Rock) | 19,680 | 22,404 | 11,872 | 13,625 |
| CBC – Chaine Culturelle | 2,708 | 2,150 | 1,840 | 1,951 |
| CBC – Première Chaine | 6,143 | 6,388 | 7,216 | 2,520 |
| CBC – Radio One | 29,671 | 33,195 | 33,622 | 39,119 |
| CBC – Radio Two | 9,257 | 11,027 | 10,129 | 11,600 |
| CFA (Classic Fine Arts) | 578 | 957 | | |
| CFA Specialty | 3,745 | 8,549 | 9,909 | 11,245 |
| CHR (Contemporary Hit Radio) | 34,679 | 56,365 | 55,090 | 24,429 |
| CHR/Dance | 5,280 | | 5,533 | 443 |
| Christian Specialty | 151 | | 263 | 499 |
| Classic Hits | | | 257 | |
| Classic Rock | 18,483 | 18,275 | 20,758 | 18,329 |
| Community / Campus | 5,438 | 6,574 | 6,948 | 6,628 |
| Country | 62,628 | 64,435 | 58,576 | 55,398 |
| Country Gold | 454 | 658 | 799 | 573 |
| Dance | 3,354 | 191 | | 6,878 |
| Educational | 843 | 909 | 1,010 | 1,334 |
| Easy Listening | 2,977 | 2,595 | 2,815 | 8,819 |
| Ethnic | 2,502 | 2,998 | 3,886 | 2,556 |
| Ethnic Specialty | 1,532 | 1,665 | 2,242 | 1,613 |
| Full Service | 4,267 | 7,189 | 6,933 | |
| Gold | 3,372 | 2,645 | 3,270 | |
| Gospel | | 420 | 367 | 527 |

| Format | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| Gospel Specialty | | 140 | 381 | 291 |
| Hot AC | 3,456 | 3,316 | 6,772 | 1,234 |
| Jazz | | | | 357 |
| Modern Rock | 6,029 | 5,430 | 5,967 | 1,140 |
| MOR (Middle of the Road) | 10,806 | 13,764 | 11,268 | 8,736 |
| Native | 231 | 801 | 896 | 1,073 |
| News | 2,210 | | 1,528 | |
| News/Talk | 57,251 | 48,555 | 47,968 | 48,138 |
| News/Talk Sports | | | 411 | |
| Nostalgia | 1,809 | 2,652 | 3,413 | |
| News | | 2,436 | | 433 |
| Oldies | 12,937 | 15,619 | 16,564 | 23,597 |
| Oldies/Talk | 469 | 430 | 414 | 360 |
| Religion | 409 | 327 | 395 | 382 |
| Religion Specialty | 333 | 438 | 309 | 628 |
| Rock | 894 | 770 | 608 | 2,170 |
| Soft AC | 8,464 | 7,636 | 10,930 | 12,649 |
| Soft AC Specialty | | | 94 | |
| Sports | | | 383 | |
| Talk | 3,165 | 4,939 | 3,019 | 3,032 |
| Talk/AC | 844 | 766 | | |
| Talk/Country | 365 | | | |
| Talk/Sports | 2,947 | 2,903 | 2,733 | 3,128 |
| Unknown | 6,278 | 5,157 | 5,312 | 6,576 |
| U.S. Stations | 18,089 | 18,849 | 18,465 | 17,621 |
| Total Hours Tuned | 516,564 | 552,802 | 544,636 | 531,789 |

Source: CRTC Research

- Chart 7 illustrates the ten most popular formats in Canada in 2000.

Chart 7: Ten most popular formats in Canada, 2000



## VII. Number of Commercial Radio Stations in Canada

Table 14: Number of Commercial Radio Stations in Canada
AM & FM – All Languages

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| Newfoundland | 16 | 16 | 16 | 16 | 17 |
| Prince Edward Island | 4 | 4 | 4 | 4 | 4 |
| Nova Scotia | 23 | 23 | 23 | 22 | 22 |
| New Brunswick | 18 | 18 | 19 | 18 | 19 |
| Quebec | 89 | 89 | 91 | 90 | 86 |
| Ontario | 146 | 146 | 142 | 142 | 148 |
| Manitoba | 22 | 22 | 23 | 23 | 24 |
| Saskatchewan | 25 | 25 | 25 | 25 | 25 |
| Alberta | 54 | 55 | 54 | 57 | 58 |
| BC & Territories | 82 | 80 | 89 | 89 | 90 |
| TOTAL | 479 | 478 | 486 | 486 | 493 |

Source: CRTC Financial Database (includes stations that file annual returns as of August 31st of each year).

## VIII. Promotion of a financially sound sector

- One of the Commission's objectives in developing the Commercial radio policy in 1998 was to ensure a strong, well-financed radio industry that is able to achieve its obligations under the Act.

### A. Financial Performance

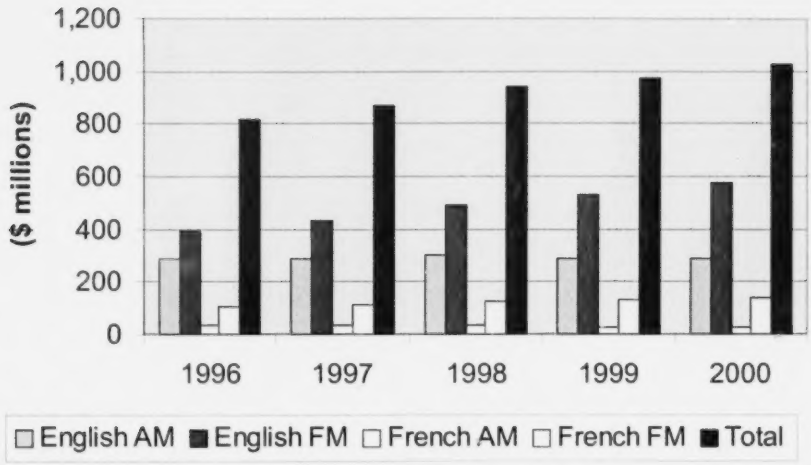
#### 1. Total Revenues – AM and FM

Table 15: Radio revenues in Canada
1996-2000

| RADIO TYPE | TOTAL REVENUES ($000's) | | | | |
|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 |
| English AM | 287,586 | 288,003 | 297,629 | 286,257 | 288,397 |
| English FM | 390,295 | 432,950 | 489,155 | 531,368 | 571,253 |
| Total - English | 677,881 | 720,953 | 786,784 | 817,625 | 859,650 |
| French AM | 33,118 | 34,313 | 31,689 | 28,135 | 26,460 |
| French FM | 103,244 | 113,497 | 121,595 | 127,994 | 137,329 |
| Total – French | 136,362 | 147,810 | 153,284 | 156,129 | 163,789 |
| TOTAL - Canada | 814,243 | 868,763 | 940,068 | 973,754 | 1,023,439 |

Note: Ethnic stations are included under English Radio.
Source: FDB Financial Summary Reports

Chart 8: Radio Revenues




- Total revenues for English FM radio continue to increase with 7.5% growth in 2000. Revenues for English AM radio stations have remained relatively constant since 1996.

- French FM radio has also reported a steady increase in total annual revenues since 1996, with an average annual growth rate of 6.6%. Revenues for French AM stations continue to decline with a 6% decrease in 2000. In 2000, there were a total of 23 French AM stations, as compared to 39 in 1996.

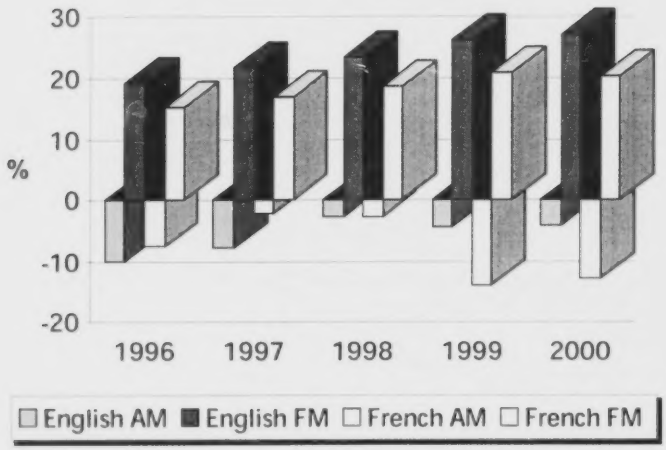
## 2. PBIT Margins

Table 16: PBIT Margins – AM and FM
(%)

| RADIO TYPE | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| English AM | -10.07 | -7.85 | -2.59 | -4.48 | -4.03 |
| English FM | 19.06 | 21.81 | 23.50 | 26.18 | 27.00 |
| Total – English | 6.70 | 9.97 | 13.63 | 15.45 | 16.59 |
| French AM | -7.64 | -2.14 | -2.70 | -13.99 | -12.72 |
| French FM | 15.13 | 16.83 | 18.65 | 20.91 | 20.18 |
| Total – French | 9.60 | 12.43 | 14.24 | 14.62 | 14.86 |
| Total - Canada | 7.19 | 10.38 | 13.73 | 15.32 | 16.31 |

Note: Ethnic stations are included under English Radio.
Source: FBD Financial Summary Reports 1996-2000

Chart 9: Radio PBIT Margins




## 3. Jointly Operated AM Stations

- Many AM stations are jointly operated with at least one other FM station in their market. When viewed as a combined entity, these joint operations, both English and French, are profitable.

- Stand-alone English AM stations are also profitable, achieving a PBIT margin of 12% in 2000, as compared to a loss of 4% for all English AM stations combined.

Table 17: Jointly Operated & Stand Alone AM stations

| (in Canada) | 1999 | 2000 |
|---|---|---|
| **ENGLISH RADIO** | | |
| # of English AM Stations | 223 | 211 |
| # of English AM stations jointly operated with at least one other FM station | 137 | 134 |
| % of English AM stations jointly operated with other stations | 61% | 64% |
| Average PBIT margin for the combined AM/FM results | 17% | 18% |
| Stand-alone: | | |
| # of English AM stand-alone stations | 86 | 77 |
| Average PBIT Margin of the stand-alone stations | 9% | 12% |
| **FRENCH RADIO** | | |
| # of French AM Stations | 27 | 22 |
| # of French AM stations jointly operated with at least one other FM station | 14 | 9 |
| % of French AM stations jointly operated with other stations | 52% | 41% |
| Average PBIT margin for the combined AM/FM results | 15% | 21% |
| Stand-alone: | | |
| # of French AM stand-alone stations | 13 | 13 |
| Average PBIT Margin of the stand-alone stations | -18% | -26% |

Source: CRTC Financial Database
Note: English Radio includes ethnic stations.

## IX. Promoting the airplay of Canadian and French vocal music

Table 18: Fulfilment of Canadian Content and French Vocal Music Requirements

| Requirement (# of stations analyzed) | % meeting requirement – all day | % meeting requirement – 6 a.m. to 6 p.m. |
|---|---|---|
| 35% Canadian content weekly – English (35) | 100% | 100% |
| 65% French vocal music weekly (8) | 75% | - |
| 55% French vocal music weekly – 6 a.m. to 6 p.m. (8) | - | 75% |

Note: Radio stations are routinely analyzed for compliance to their regulated Canadian music and French vocal music requirements. The above results are based on a limited sample of stations.
Source: CRTC, evaluation of licence renewal applications during 2000

## X. Campus Radio

- As stated in Public Notice CRTC 2000-12 "Campus radio policy," there are two types of campus radio stations, community-based campus and instructional. A community-based campus station's programming is primarily produced by volunteers, who are either students or community members. The primary objective of an instructional campus station is the training of professional broadcasters.

- There are currently (July 2001) 43 campus stations licensed across Canada, 35 community-based and 8 instructional. Twenty-five of these stations submitted financial returns for 2000.

- The majority of campus radio revenues come from sources other than advertising. For example, revenues come from the educational institution they are associated with, grants, the local community, fund-raising, etc.

Table 19: Revenues for Community-Based Campus Radio Stations

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| # of stations reporting | 15 | 23 | 26 | 29 | 19 |
| Local Advertising | $393,914 | $370,266 | $494,412 | $736,776 | $435,596 |
| National Advertising | 18,956 | 24,063 | 53,765 | 83,510 | 37,674 |
| Other | 1,983,728 | 2,882,213 | 3,238,828 | 3,801,269 | 2,741,410 |
| Total - Revenues | 2,396,598 | 3,276,543 | 3,919,019 | 4,621,556 | 3,214,620 |

Sources: CRTC Financial Database
CRTC Licence Application System

Table 20: Revenues for Instructional Campus Radio Stations

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| # of stations reporting | 2 | 2 | 4 | 5 | 6 |
| Local Advertising | $107,835 | $166,092 | $234,453 | $151,997 | $104,613 |
| National Advertising | - | - | - | - | - |
| Other | 189,283 | 230,951 | 125,750 | 178,042 | 216,713 |
| Total - Revenues | 297,118 | 397,043 | 360,203 | 330,039 | 321,326 |

Sources: CRTC Financial Database
CRTC Licence Application System

## XI. Community Radio

- As stated in Public Notice CRTC 2000-13 "Community radio policy," there are two kinds of community radio stations: Type A and Type B. A community station is a Type A station if, at the time of licensing, no other radio station other than the CBC is operating in the same language in all or part of its market. A community station is a Type B station if, at the time of licensing, there is at least one station, other than the CBC, operating in the same language in all or in part of the same market.

- In addition to advertising revenues, community radio stations receive revenues from fund-raising, grants, and other sources.

- There are currently 33 Type A and 29 Type B community stations. Not all community stations have filed financial returns with the Commission. The partial results are as follows:

Table 21: Revenues for Type A Community Stations
($'000)

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| # of stations reporting | 20 | 20 | 23 | 22 | 21 |
| Local Advertising | $1,839 | $1,826 | $2,009 | $2,090 | $2,053 |
| National Advertising | 293 | 427 | 365 | 472 | 529 |
| Other Revenues | 3,400 | 2,915 | 2,710 | 2,705 | 2,188 |
| Total - Revenues | 5,532 | 5,168 | 5,084 | 5,267 | 4,770 |

Source: CRTC Financial Database

Table 22: Revenues for Type B Community Stations
($'000)

| | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|
| # of stations reporting | 18 | 21 | 21 | 21 | 19 |
| Local Advertising | $2,406 | $2,887 | $3,220 | $2,852 | $2,132 |
| National Advertising | 444 | 532 | 449 | 538 | 596 |
| Other Revenues | 2,717 | 2,572 | 2,911 | 2,781 | 2,851 |
| Total - Revenues | 5,567 | 5,991 | 6,580 | 6,171 | 5,579 |

Source: CRTC Financial Database

## XII. Ethnic Radio

- The Commission revised its ethnic broadcasting policy in Public Notice CRTC 1999-117. There are 13 licensed ethnic radio stations currently broadcasting in Canada. The following tables outline the languages of programming broadcast by each of these stations. The stations are grouped by the markets they are licensed to serve. The information comes from each individual station's programming schedule, as of August 2001.

- On October 4, 2001 the Commission licensed a new ethnic station in Ottawa (Decision CRTC 2001-625).

Table 23: Ethnic Broadcasting, Vancouver Ethnic Radio

| | Weekly # of Broadcast Hours | | | |
|---|---|---|---|---|
| Language | CHKG-FM | CHMB-AM | CJVB-AM | Total |
| Arabic | 0.3 | | | 0.3 |
| Bosnian | | | 0.5 | 0.5 |
| Cambodian | 1 | | | 1 |
| Chinese - Cantonese | 18 | 94 | 93.5 | 205.5 |
| Chinese - Mandarin | 54 | 13 | 1 | 68 |
| Croatian | | | 2 | 2 |
| Danish | | | 0.5 | 0.5 |
| Dutch | | | 3 | 3 |
| English | 31.25 * | 4.5 | 1.5 | 37.25 |
| Fijian | 0.4 | | | 0.4 |
| French | 0.2 | | | 0.2 |
| German | | | 3 | 3 |
| Greek | | 0.5 | 2 | 2.51 |
| Hawaiian | 0.4 | | | 0.4 |
| Hindi | 0.5 | 0.5 | 0.5 | 1.5 |
| Indonesian | 1 | | 1 | 2 |
| Italian | 5 | 1 | | 6 |
| Japanese | | 5 | | 5 |
| Korean | | | 5 | 5 |
| Laotian | | | 1 | 1 |
| Lingala | 0.3 | | | 0.3 |
| Macedonian | | | 1 | 1 |
| Malaysian | | | 1 | 1 |
| Norwegian | | | 0.5 | 0.5 |
| Persian | | | 1.5 | 1.5 |
| Philipino-Tagalog | | 1 | | 1 |
| Polish | | | 0.5 | 0.5 |
| Portuguese | | 3 | | 3 |
| Punjabi | 2.25 | 0.5 | 1.5 | 4.25 |
| Romanian | | | 1 | 1 |
| Samoan | 0.4 | | | 0.4 |
| Serbian | | | 1 | 1 |
| Spanish | 10.2 | | 2 | 12.2 |
| Swedish | | | 0.5 | 0.5 |
| Tahitian | 0.4 | | | 0.4 |
| Tamil | | 0.5 | | 0.5 |
| Thai | | | 1 | 1 |
| Togan | 0.4 | | | 0.4 |
| Ukrainian | | 0.5 | | 0.5 |
| Vietnamese | | 2 | | 2 |
| TOTAL | 126 | 126 | 126 | 378 |

* Of the 31.25 hours of English language programming, 21 hours serve ethnic groups.

## Table 24: Ethnic Broadcasting, Edmonton, Calgary, Winnipeg

| Language | Weekly # of Broadcast Hours | | |
|---|---|---|---|
| | Edmonton (CKER-FM) | Calgary (CHKF-FM) | Winnipeg (CKJS) |
| Arabic | 2.5 | 1.5 | |
| Bosnian | | 0.5 | |
| Cambodian | | 1 | |
| Caribbean | | 5 | 1.25 |
| Chinese - Cantonese | 23.5 | 109.75 | 2 |
| Chinese - Mandarin | 2.5 | 5.25 | |
| Croatian | 1 | | |
| Dutch | 3 | 1 | |
| English | | 5.5 | |
| German | 7.75 | 2 | 5.75 |
| Greek | 1 | | |
| Hindi | 6 | 3 | 1 |
| Hungarian | 2 | 1 | 0.5 |
| Indonesian | | 1 | |
| Irish | | | 1 |
| Italian | 3.92 | | 5 |
| Japanese | | | 0.5 |
| Jewish | | | 1 |
| Korean | 0.5 | | |
| Laotian | | 1 | |
| Macedonian | | 1 | |
| Malaysian | | 1 | |
| Philipino - Tagalog | 2 | | 27.75 |
| Polish | 5.5 | 1 | 12 |
| Portuguese | 1.5 | | 4.5 |
| Punjabi | 2.5 | 5 | 1 |
| Romanian | 1 | | |
| Russian | 0.5 | | 1 |
| Serbian | 0.5 | 1 | |
| Spanish | 9.5 | 13.5 | 3.5 |
| Ukrainian | 9.5 | 5 | 7 |
| Urdu | 1.5 | 2 | |
| Thai | | 1 | |
| Vietnamese | 1 | | 1 |
| TOTAL | 88.67 | 168 | 75.75 |

## Table 25: Ethnic Broadcasting, Toronto Ethnic Radio

| Language | Weekly # of Broadcast Hours | | | | | | |
|---|---|---|---|---|---|---|---|
| | CHIN AM | CHIN FM | CHKT AM | CIAO AM | CIRV FM | CJMR AM | Total |
| Afghani | | | 10 | 1.5 | | | 11.5 |
| Albanian | | 1 | | | | | 1 |
| Arabic | 0.5 | | | | | 0.5 | 1 |
| Bengali | 1 | | | | | 0.5 | 1.5 |
| Bosnian | | | 0.5 | | | | 0.5 |
| Brasilian | | | | | 0.95 | | 0.95 |
| Bulgarian | 1 | | | | | | 1 |
| Cambodian | | | 2 | | | | 2 |
| Caribbean | | | 2 | 24 | 0.5 | 8.5 | 35 |
| Chinese - Cantonese | 17.5 | 25.5 | 56 | | 21.4 | | 120.4 |
| Chinese - Mandarin | 2.5 | 0.5 | 10 | | 7 | | 20 |
| Croatian | 1.5 | 5 | 1.5 | 1 | | 2.5 | 11.5 |
| Czech | | | | 5 | | | 5 |
| Dutch | | | | | | 1.5 | 1.5 |
| English | 7 | 8 | | | 3 | 0.5 | 18.5 |
| German | | 2.5 | | 20 | | | 22.5 |
| Greek | 12.5 | 5 | 5 | 3 | | | 25.5 |
| Hindi | | 13 | 5 | 1.5 | | 4.5 | 24 |
| Hungarian | | | | 2 | | | 2 |
| Indonesian | | | 1 | | | | 1 |
| Irish - Gaelic | | | 1 | | | | 1 |
| Islamic | | | | 1 | | | 1 |
| Italian | 61.5 | 24.5 | | 7.5 | | 26 | 119.5 |
| Korean | | | 10 | 10 | | | 20 |
| Laotian | | | 1 | | | | 1 |
| Lithuanian | 0.5 | | | | | | 0.5 |
| Macedonian | 2.5 | 0.5 | 1 | | | 0.5 | 4.5 |
| Malaysian | | | 2 | | | | 2 |
| Montenegri | | 0.5 | | | | | 0.5 |
| Oromo | 0.5 | | | | | | 0.5 |
| Pashto/Dari | 1 | | | 4 | | | 5 |
| Philipino-Tagalog | 1 | | | | | | 1 |
| Persian | | | 7 | | | | 7 |
| Polish | | 15 | | 13 | 0.95 | 25 | 53.95 |
| Portuguese | | 12 | | 32 | 63.25 | 5.5 | 112.75 |
| Punjabi | | 7.5 | 6 | 34 | 7.15 | 31.5 | 86.15 |
| Romanian | 0.5 | | 1 | | | | 1.5 |
| Russian | 2.5 | | | | 2.45 | | 4.95 |
| Serbian | | 1 | | | | 1 | 2 |
| Serbo-Croatian | 0.5 | 1 | | | | | 1.5 |
| Serbo/Chetnic | | 1 | | | | | 1 |
| Slovenian | | 1 | | | | | 1 |
| Somali | 2 | | | | | | 2 |
| Spanish | 2.5 | | | 4 | 11.75 | 10 | 28.25 |
| Swiss | | 0.5 | | | | | 0.5 |
| Tamil | 1 | | 42 | | | | 43 |
| Thai | | | 2 | | | | 2 |
| Turkish | 1.5 | | | | | | 1.5 |
| Ukrainian | 2.5 | | | | 7.6 | 4.5 | 14.6 |
| Urdu | 2.5 | 1 | | 1.5 | | 1.5 | 6.5 |
| Vietnamese | | | 2 | | | | 2 |
| TOTAL | 126 | 126 | 168 | 165 | 126 | 124 | 835 |

Table 26: Ethnic Broadcasting, Montreal, CFMB

| Language | Weekly # of Broadcast Hours |
|---|---|
| African - Lingala | 0.5 |
| African - Bambar | 0.25 |
| Arabic | 4 |
| Cambodian | 1 |
| Chinese - Cantonese | 0.5 |
| Chinese - Mandarin | 1 |
| Creole | 4 |
| German | 0.5 |
| Greek | 20.75 |
| Hebrew | 0.5 |
| Hindi | 1 |
| Italian | 77 |
| Lithuanian | 0.5 |
| Polish | 2.75 |
| Portuguese | 3 |
| Punjabi | 2.25 |
| Romanian | 0.5 |
| Russian | 0.5 |
| Spanish | 26 |
| Ukrainian | 1.5 |
| Vietnamese | 1 |
| Yiddish | 1 |
| TOTAL | 150 |

## XIII. Low Power Radio

- A Commission review of the licensing policy for low power radio (Public Notice CRTC 1993-95) was announced in Public Notice CRTC 2001-19 " Review of community channel policy and low power radio broadcasting policy."
- The following tables outline the number of low power radio stations in Canada as of August 31, 2001, by type:

Table 27: Number of originating low power English radio stations in Canada by type

| Tourist/ Travel | Native Type B | Religious | Commu-nity | | Campus | | Total |
|---|---|---|---|---|---|---|---|
| | English/ Native | | Type A | Type B | Commu-nity | Instruc-tional | |
| 38 | 13 | 10 | 3 | 4 | 7 | 3 | 78 |

Table 28: Number of originating low power French radio stations in Canada by type

| Tourist/ Travel | Native Type B | Religious | Commu-nity | | Campus | | Total |
|---|---|---|---|---|---|---|---|
| | English/ Native | | Type A | Type B | Commu-nity | Instruc-tional | |
| 3 | 3 | 20 | 2 | 5 | - | - | 33 |

Source: CRTC Economic Analysis and Research

# Television

## I. Advertising Revenue by Media in Canada

Table 1: Advertising revenue by media

| Media ($ millions) | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001[1] Projected |
|---|---|---|---|---|---|---|---|
| Television [3] | 1,876 | 1,994 | 2,104 | 2,321 | 2,350 | 2,430 | 2,472 |
| Daily Newspaper [2] | 1,323 | 1,399 | 1,644 | 1,698 | 1,734 | 1,951 | 1,979 |
| Radio | 769 | 798 | 848 | 920 | 952 | 1 000 | 1,055 |
| Magazine | 621 | 611 | 647 | 707 | 721 | 805 | 865 |
| Weekly Newspaper | 615 | 634 | 673 | 765 | 765 | 788 | 808 |
| Billboard | 167 | 200 | 220 | 246 | 269 | 293 | 300 |
| Internet | - | 1.5 | 9.8 | 24.5 | 55.5 | 109.0 | 142.0 |
| Total | 5,371 | 5,638 | 6,146 | 6,682 | 6,847 | 7,376 | 7,621 |
| % Annual Increase | 7.6% | 5% | 9% | 8.7% | 2.5% | 7.7% | 3.3% |

Source: Carat Expert, Panorama publicitaire 2001
Notes: (1) Carat Expert projections; (2) Excludes classified ads; (3) Includes conventional TV and specialty services

Table 2: Share of Advertising Revenue by Media

| Media (%) | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001[1] Projected |
|---|---|---|---|---|---|---|---|
| Television [3] | 34.9 | 35.4 | 34.2 | 34.7 | 34.3 | 32.9 | 32.4 |
| Daily Newspaper [2] | 24.6 | 24.8 | 26.7 | 25.4 | 25.3 | 26.5 | 26.0 |
| Radio | 14.3 | 14.2 | 13.8 | 13.8 | 13.9 | 13.6 | 13.8 |
| Magazine | 11.6 | 10.8 | 10.5 | 10.6 | 10.5 | 10.9 | 11.4 |
| Weekly Newspaper | 11.5 | 11.2 | 11.0 | 11.4 | 11.2 | 10.7 | 10.6 |
| 'Billboard | 3.1 | 3.5 | 3.6 | 3.7 | 3.9 | 4.0 | 3.9 |
| Internet | - | 0.0 | 0.2 | 0.4 | 0.8 | 1.5 | 1.9 |

Source: Carat Expert, Panorama publicitaire 2001
Notes: (1) Carat Expert projections; (2) Excludes classified ads; (3) Includes conventional TV and specialty services

- Total media advertising revenues increased by 7.7%, or $530 million, from 1999 to 2000. Daily newspapers garnered 41%, or $217 million, of this increase, followed by magazine and television at 16% and 15% respectively.

- Television advertising revenues increased by $80 million, or 3.4%, from 1999 to 2000.

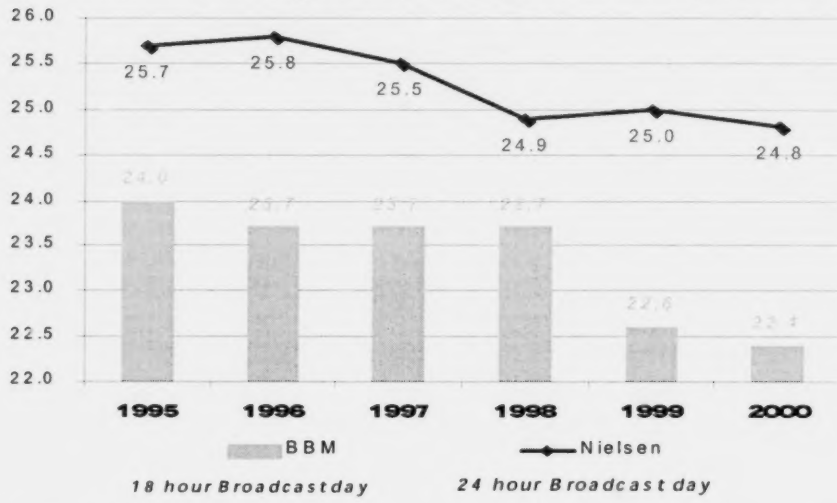
- Television's share of the advertising pie has declined by approximately 3% since 1994.

## II. Audience

### A. Average Weekly Hours Per Viewer

- BBM data indicates that the average total weekly hours per viewer 2+ has gradually declined from 1995 to 2000.
- Nielson data shows a similar trend.

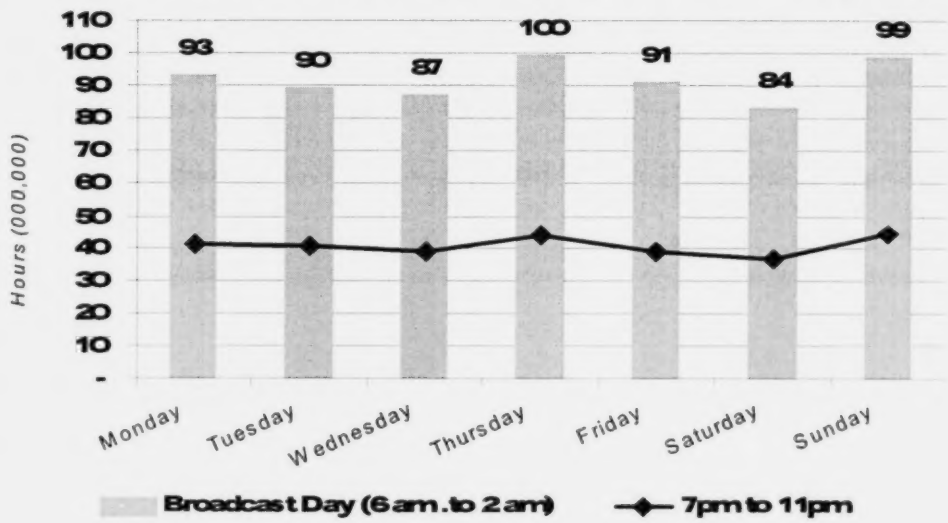
Chart 1: Average weekly hours per viewer – all persons 2+




Sources: BBM: 2000-2001 Television Data Book
Nielsen Media Research: CBC Research

### B. Average Daily Viewing Hours

Chart 2: Average daily viewing hours - all persons 2+ - BBM Fall 2000



## C. Viewing Share by Station Group – All Regions Excluding Quebec

Table 3: Fall 1993 to Fall 2000 for All Persons 2+
All Regions Excluding Quebec
Monday to Sunday, 6 a.m. to 2 a.m.

| STATION GROUP | *Viewing Share % - Fall* | | | | | | | | Growth |
|---|---|---|---|---|---|---|---|---|---|
| | *1993* | *1994* | *1995* | *1996* | *1997* | *1998* | *1999* | *2000* | 93 to 00 |
| ***English Language*** | | | | | | | | | |
| Canadian Services: | | | | | | | | | |
| - Private Conventional | 45.3 | 44.4 | 43.8 | 42.3 | 39.6 | 37.5 | 37.6 | 35.9 | (9.4) |
| - TVO | 0.8 | 1.0 | 1.0 | 1.1 | 1.2 | 1.3 | 1.2 | 1.3 | 0.5 |
| - CBC | 12.9 | 13.2 | 12.0 | 11.5 | 10.6 | 9.1 | 7.5 | 7.5 | (5.4) |
| - Pay & Specialty | 6.2 | 5.9 | 9.0 | 9.6 | 13.0 | 14.7 | 16.9 | 19.5 | 13.3 |
| *Total Cdn. Services* | *65.3* | *64.5* | *65.7* | *64.5* | *64.5* | *62.6* | *63.2* | *64.2* | (1.1) |
| U.S. Services: | | | | | | | | | |
| - Conventional | 17.8 | 17.4 | 16.6 | 16.2 | 13.5 | 14.2 | 13.2 | 12.4 | (5.4) |
| - PBS | 2.8 | 2.5 | 2.3 | 2.4 | 2.3 | 1.8 | 1.7 | 1.9 | (0.9) |
| - Pay & Specialty * | 5.5 | 6.5 | 5.9 | 6.8 | 7.4 | 9.4 | 10.2 | 11.5 | 6.0 |
| *Total U.S. Services* | *26.1* | *26.5* | *24.8* | *25.4* | *23.2* | *25.5* | *25.1* | *25.8* | (0.3) |
| **Total English** | **91.4** | **90.9** | **90.5** | **89.9** | **87.7** | **88.1** | **88.3** | **90.0** | **(1.3)** |
| ***French Language*** | | | | | | | | | |
| - Private Conventional | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | (0.1) |
| - SRC | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 | 0.5 | (0.1) |
| - Pay & Specialty | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| **Total French** | **1.3** | **1.2** | **1.3** | **1.3** | **1.3** | **1.3** | **1.2** | **1.3** | **0.0** |
| ***Other Language*** | | | | | | | | | |
| - Independent | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 1.1 | 1.0 | 0.9 | 0.9 |
| - Pay & Specialty | 0.1 | 0.2 | 0.4 | 0.4 | 0.5 | 0.5 | 0.7 | 0.8 | 0.6 |
| **Total Other** | **0.1** | **0.2** | **0.4** | **0.4** | **1.4** | **1.6** | **1.7** | **1.7** | **1.6** |
| Provincial ** | 0.3 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.1 |
| Cable *** | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | 0.4 | 0.3 | 0.4 | 0.1 |
| Other | 0.9 | 1.0 | 1.0 | 1.3 | 2.8 | 2.5 | 2.3 | 1.1 | 0.2 |
| VCR | 5.7 | 5.9 | 6.1 | 6.3 | 6.0 | 5.8 | 5.8 | 5.1 | (0.6) |
| **TOTAL** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | - |
| *Total Hours (000)* | *448,541* | *471,494* | *488,749* | *486,246* | *488,769* | *503,072* | *478,576* | *471,198* | *22,657* |

* Includes viewing to non-U.S. pay & specialty service -- 'Deutsche Welle'.
** Other Educational and Provincial
*** Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel
Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.

*Source: MicroBBM Fall 1990 to Fall 2000*
*Economic Analysis and Research, Broadcasting Directorate, CRTC*

- BBM reports[1] that Canadian English-language pay and specialty services have increased their share of total viewing by over 13% since 1993, reaching a 19.5% share of viewing in fall 2000 in all regions excluding Quebec.

- Nielsen Research[2] data reports that the share of Canadian English pay and specialty services in all regions excluding Quebec averaged 25.7% over the period of October 30 to November 26, 2000.

- The total viewing share for Canadian English-language television services, in all regions excluding Quebec, has remained relatively constant at 64% since 1993.

Table 4: Fall 1993 to Fall 2000 for All Persons 2+
Province of Quebec
Monday to Sunday, 6 a.m. to 2 a.m.

| STATION GROUP | Viewing Share % - Fall | | | | | | | | Growth |
|---|---|---|---|---|---|---|---|---|---|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 93 to 00 |
| ***English Language*** | | | | | | | | | |
| Canadian Services: | | | | | | | | | |
| - Private Conventional | 6.4 | 6.4 | 6.0 | 6.2 | 6.5 | 6.3 | 6.0 | 5.9 | (0.5) |
| - CBC | 2.1 | 2.3 | 2.1 | 2.1 | 1.9 | 1.6 | 1.2 | 1.3 | (0.9) |
| - Pay & Specialty | 0.9 | 0.9 | 1.3 | 1.4 | 2.1 | 2.0 | 2.3 | 2.6 | 1.7 |
| *Total Cdn. Services* | *9.3* | *9.5* | *9.4* | *9.6* | *10.5* | *9.9* | *9.4* | *9.7* | *0.4* |
| U.S. Services: | | | | | | | | | |
| - Conventional | 6.2 | 6.7 | 5.7 | 5.6 | 4.7 | 4.5 | 4.6 | 4.4 | (1.8) |
| - PBS | 1.1 | 1.2 | 0.9 | 0.9 | 0.7 | 0.7 | 0.6 | 0.7 | (0.5) |
| - Pay & Specialty * | 0.2 | 0.2 | 0.6 | 0.6 | 0.9 | 1.0 | 1.1 | 1.4 | 1.2 |
| *Total U.S. Services* | *7.5* | *8.1* | *7.3* | *7.0* | *6.2* | *6.2* | *6.3* | *6.5* | *(1.0)* |
| **Total English** | **16.9** | **17.6** | **16.6** | **16.6** | **16.7** | **16.1** | **15.7** | **16.3** | **(0.6)** |
| ***French Language*** | | | | | | | | | |
| - Private Conventional | 47.6 | 47.7 | 44.9 | 44.7 | 46.1 | 44.9 | 4[illegible] | 46.1 | (1.5) |
| - SRC | 22.8 | 20.4 | 22.7 | 21.6 | 19.8 | 21.1 | 20.[illegible] | 17.5 | (5.3) |
| - Télé-Québec | 2.6 | 3.3 | 2.4 | 1.5 | 1.1 | 1.3 | 2.0 | 2.0 | (0.7) |
| - Pay & Specialty | 5.6 | 5.6 | 8.4 | 10.0 | 10.4 | 10.5 | 11.2 | 13.5 | 7.9 |
| **Total French** | **78.6** | **77.0** | **78.4** | **77.7** | **77.4** | **77.8** | **78.2** | **79.1** | **0.5** |
| ***Other Language*** | | | | | | | | | |
| - Independent | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| - Pay & Specialty | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 |
| **Total Other** | **0.0** | **0.0** | **0.0** | **0.0** | **0.1** | **0.2** | **0.3** | **0.3** | **0.3** |
| Provincial ** | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Cable *** | 0.3 | 0.3 | 0.3 | 0.4 | 0.2 | 0.2 | 0.3 | 0.3 | 0.0 |
| Other | 0.6 | 0.7 | 0.7 | 0.8 | 1.3 | 1.4 | 1.7 | 0.9 | 0.3 |
| VCR | 3.6 | 4.3 | 4.0 | 4.4 | 4.2 | 4.2 | 3.8 | 3.2 | (0.5) |
| **TOTAL** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | - |
| *Total Hours (000)* | *174,533* | *187,524* | *190,479* | *190,299* | *189,195* | *188,637* | *181,056* | *173,099* | *(1,434)* |

* Includes viewing to non-U.S. pay & specialty service -- 'Deutsche Welle'.
*Source: MicroBBM Fall 1993 to Fall 2000*
** Other Educational and Provincial
*Economic Analysis and Research, Broadcasting Directorate, CRTC*
*** Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel
Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.

- BBM reports[1] that Canadian French-language pay and specialty services have increased their share of total viewing by about 7.9% since 1993, reaching a 13.5% share of viewing in fall 2000 in the province of Québec.

- Nielsen Research[2] data reports that the share of French-language pay and specialty services in the province of Quebec averaged 18.9% over the period of October 30 to November 26, 2000.

- The total viewing share for Canadian French-language television services in Quebec has remained relatively constant at 79% since 1993.

[1] BBM = 20 hour broadcast day - 6 a.m. to 2 a.m.
[2] Nielsen = 24 hour broadcast day - 6 a.m. to 6 a.m.

## D. Viewing Share by Ownership Group

- In Public Notice CRTC 1999-97 "Building on Success – A Policy framework for Canadian Television" the Commission decided to consider the renewal of all conventional television licences held or controlled by the same group at the same hearing.

- This approach gives the Commission the opportunity to make a strategic assessment of the contribution of all aspects of a licensee's operations to the broadcasting system.

- The following table sets out the combined viewing share of conventional and specialty services controlled by the large conventional English and French language TV ownership groups. This table reflects only services in which the large groups have a 50% or greater ownership interest.

## Table 5: Combined viewing share of conventional and specialty services controlled (50%, or greater) by large conventional English and French language TV ownership groups

| | Control | Lang. | All Regions *(Excl. Quebec)* Fall 97 | 98 | 99 | 00 | Province of Quebec Fall 97 | 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|---|---|---|
| **BCE / Bell Globemedia Inc** | | | | | | | | | | |
| - CTV Conventional | | | 15.9 | 14.3 | 15.0 | 14.2 | 0.7 | 0.6 | 1.0 | 0.9 |
| - Newsnet | 100% | e | 0.1 | 0.3 | 0.3 | 0.4 | - | - | - | - |
| - TalkTV | 100% | e | | | | - | | | | - |
| - TSN (Sports Network) | 80% | e | 2.4 | 2.3 | 3.1 | 2.3 | 0.5 | 0.5 | 0.5 | 0.4 |
| - RDS | 80% | f | - | - | - | - | 1.6 | 1.3 | 1.6 | 1.6 |
| - TCN - Comedy Network | 65% | e | 0.4 | 0.3 | 0.3 | 0.4 | - | - | - | - |
| - Discovery | 64% | e | 0.5 | 0.6 | 0.6 | 0.9 | 0.2 | 0.2 | 0.2 | 0.2 |
| - Évasion | 50.1% | f | | | | - | | | | 0.2 |
| Total - BCE / BGM | | | 19.3 | 17.8 | 19.3 | 18.2 | 3.0 | 2.6 | 3.3 | 3.3 |
| **Global Television Network Inc.** | | | | | | | | | | |
| - Global Conventional | | | 9.1 | 8.1 | 7.4 | 13.5 | 1.7 | 1.8 | 1.5 | 1.6 |
| - Prime TV | 100% | e | 0.1 | 0.5 | 0.8 | 1.1 | - | - | - | - |
| Total - Global Television | | | 9.2 | 8.6 | 8.2 | 14.6 | 1.7 | 1.8 | 1.5 | 1.6 |
| **CHUM Limited** | | | | | | | | | | |
| - CHUM Conventional | | | 4.1 | 4.2 | 4.3 | 4.4 | 0.2 | 0.2 | 0.1 | 0.1 |
| - Bravo! | 100% | e | 0.4 | 0.4 | 0.3 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 |
| - MuchMore Music | 100% | e | | 0.2 | 0.2 | 0.2 | | - | - | - |
| - MuchMusic | 100% | e | 0.5 | 0.4 | 0.4 | 0.4 | - | - | - | 0.1 |
| - Space | 100% | e | 0.7 | 0.7 | 0.6 | 0.9 | - | 0.1 | 0.1 | 0.2 |
| - Star-TV | 100% | e | | | | - | | | - | - |
| - Pulse 24 | 70.1% | e | | 0.1 | 0.1 | 0.2 | | - | - | - |
| - CLT - Cdn. Learning TV | 60% | e | | | - | - | | | - | - |
| - MusiquePlus | 50% | f | - | - | - | - | 0.3 | 0.3 | 0.3 | 0.3 |
| - MusiMax | 50% | f | - | - | - | - | 0.2 | 0.2 | 0.2 | 0.2 |
| Total CHUM Limited | | | 5.7 | 6.0 | 5.9 | 6.6 | 0.8 | 0.9 | 0.8 | 1.0 |
| **CBC/SRC** | | | | | | | | | | |
| - Conventional - English Stations | | | 8.4 | 7.2 | 6.0 | 6.1 | 1.9 | 1.6 | 1.2 | 1.3 |
| - Newsworld | 100% | e | 0.9 | 0.9 | 0.7 | 1.0 | 0.2 | 0.1 | 0.1 | 0.1 |
| *Subtotal - English Language* | | | *9.3* | *8.1* | *6.7* | *7.1* | *2.1* | *1.7* | *1.3* | *1.4* |
| - Conventional - French Stations | | | 0.6 | 0.6 | 0.6 | 0.5 | 14.6 | 15.7 | 15.2 | 13.6 |
| - RDI | 100% | f | 0.1 | - | 0.1 | 0.1 | 1.1 | 1.5 | 1.2 | 1.2 |
| *Subtotal - French Language* | | | *0.7* | *0.6* | *0.7* | *0.6* | *15.7* | *17.2* | *16.4* | *14.8* |
| Total - CBC/SRC | | | 10.0 | 8.7 | 7.4 | 7.7 | 17.8 | 18.9 | 17.7 | 16.2 |
| **TVA** | | | | | | | | | | |
| - TVA Conventional | | | 0.1 | 0.1 | 0.1 | 0.1 | 33.7 | 32.5 | 31.2 | 30.4 |
| - LCN | 100% | f | - | - | - | - | 0.1 | 0.3 | 0.5 | 0.6 |
| Total TVA | | | 0.1 | 0.1 | 0.1 | 0.1 | 33.8 | 32.8 | 31.7 | 31.0 |
| **TQS** | | | | | | | | | | |
| - TQS Conventional | | | - | - | - | 0.1 | 7.0 | 6.6 | 8.1 | 9.5 |
| **Total Viewing Share** | | | 44.3 | 41.2 | 40.9 | 47.3 | 64.1 | 63.6 | 63.1 | 62.6 |

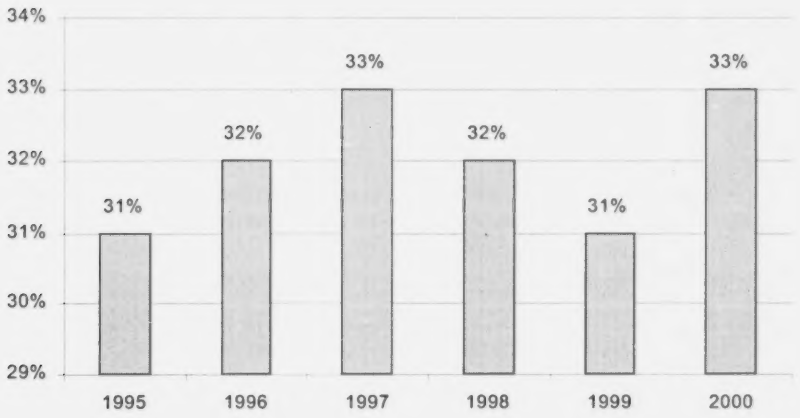
Sources: MicroBBM Fall 1997 to 2000; Economic Analysis and Research, Broadcasting Directorate, CRTC; CRTC Ownership & Industry Analysis Division

## E. Viewing to Canadian programming[3]

### 1. % Viewing to Canadian Programming – 6 a.m. to 2 a.m.

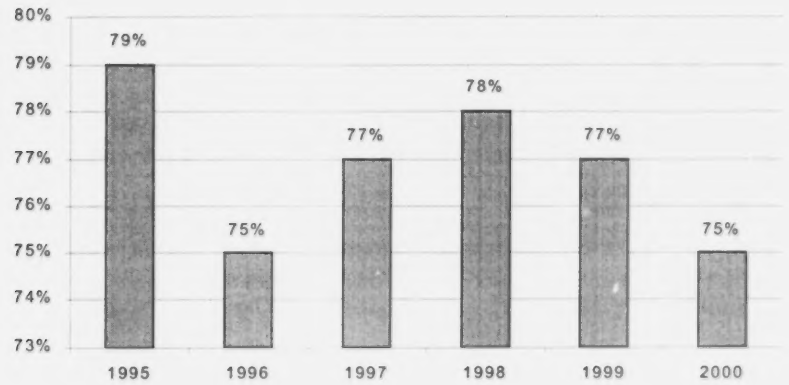
Charts 3 and 4 outline the level of viewing to Canadian programs as a percentage of all viewing to both foreign and Canadian programs.

Chart 3: Viewing to English-language Canadian programs as a percentage of all English-language programs




Source: BBM and CRTC Research

Chart 4: Viewing to French-language Canadian programs as a percentage of all French-language programs




Source: BBM and CRTC Research

[3] Preliminary results only for year-2000 (Charts 3 to 16 inclusive).

## 2. Distribution of Viewing by Program Type

- Charts 5 through 16 compare the viewing levels to Canadian and Foreign programs distributed by Canadian broadcasters by program type.
- The source for these charts is BBM and CRTC Research.

### a) English-Language – Canadian Private Conventional TV

Chart 5: Broadcast day – 6 a.m. to 2 a.m.

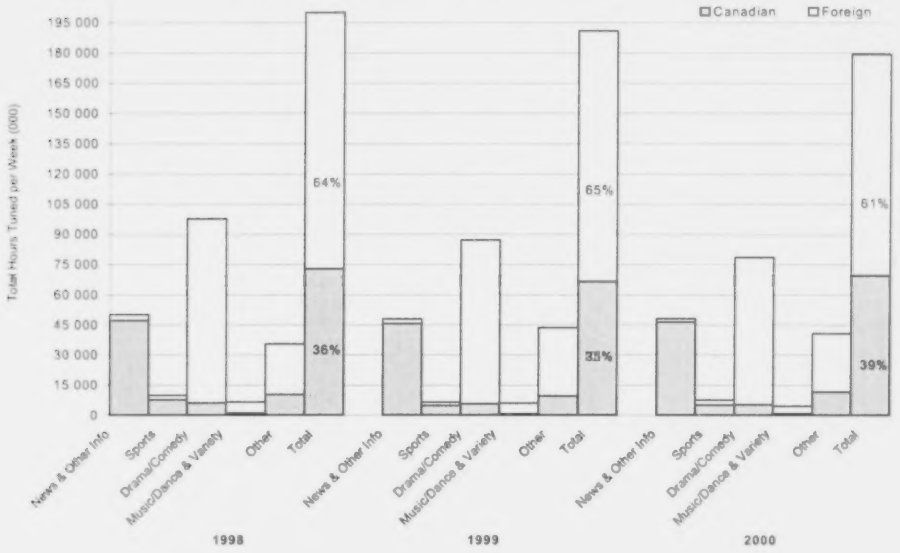
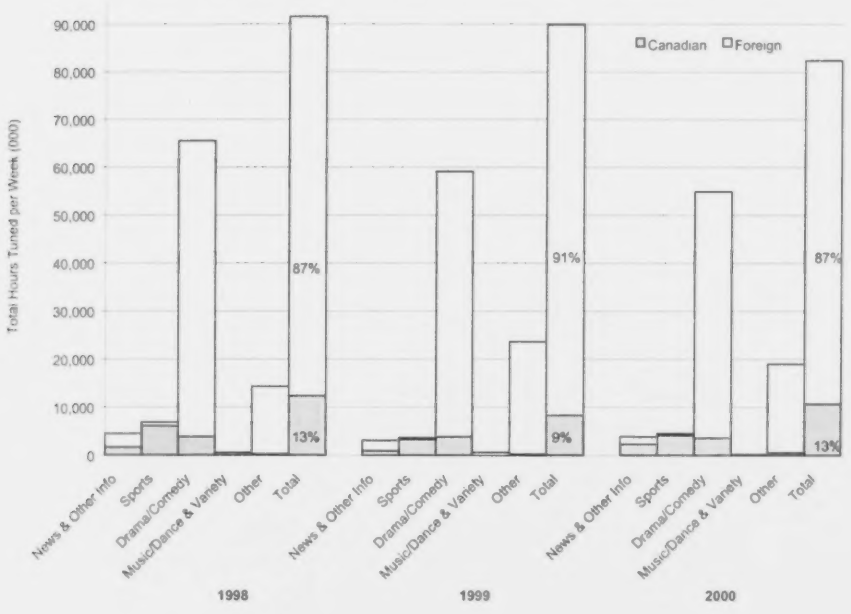
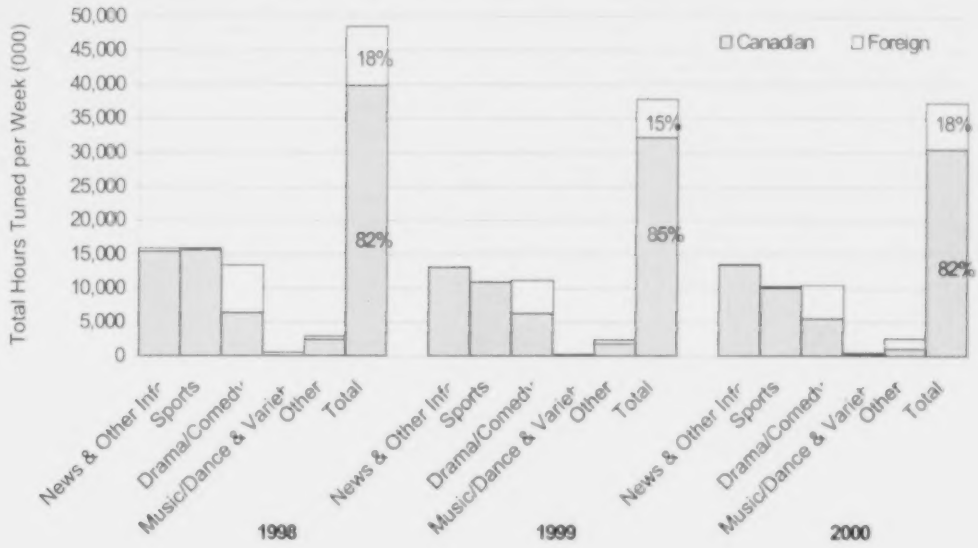



Chart 6: Peak viewing period – 7 p.m. to 11 p.m.

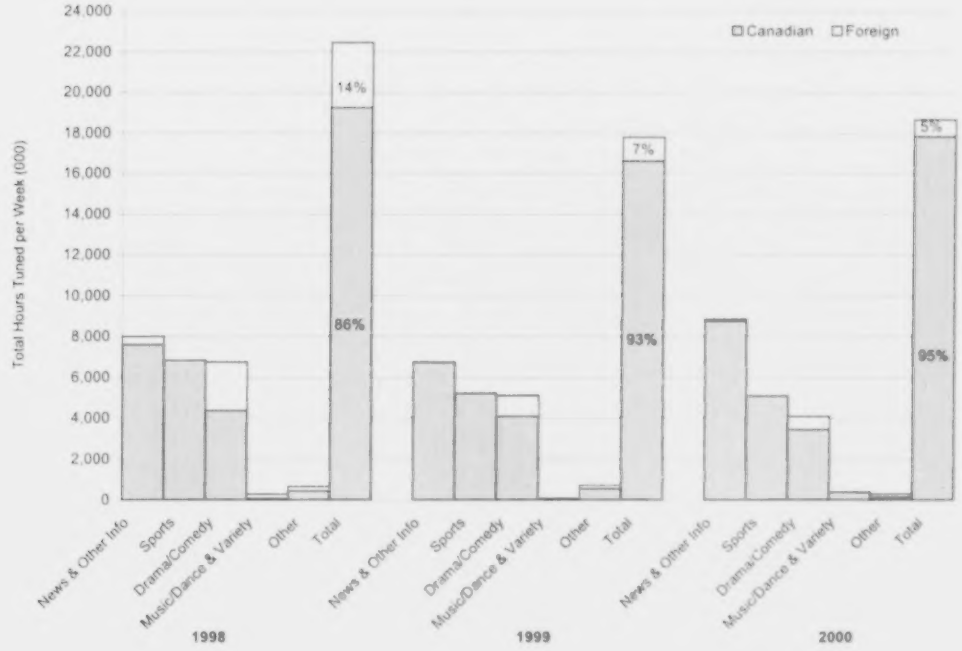


## b) English-language – CBC (owned & operated) and affiliates

### Chart 7: Broadcast day – 6 a.m. to 2 a.m.




### Chart 8: Peak viewing period – 7 p.m. to 11 p.m.



## 2. Distribution of Viewing by Program Type

- Charts 5 through 16 compare the viewing levels to Canadian and Foreign programs distributed by Canadian broadcasters by program type.
- The source for these charts is BBM and CRTC Research.

### a) English-Language – Canadian Private Conventional TV

Chart 5: Broadcast day – 6 a.m. to 2 a.m.

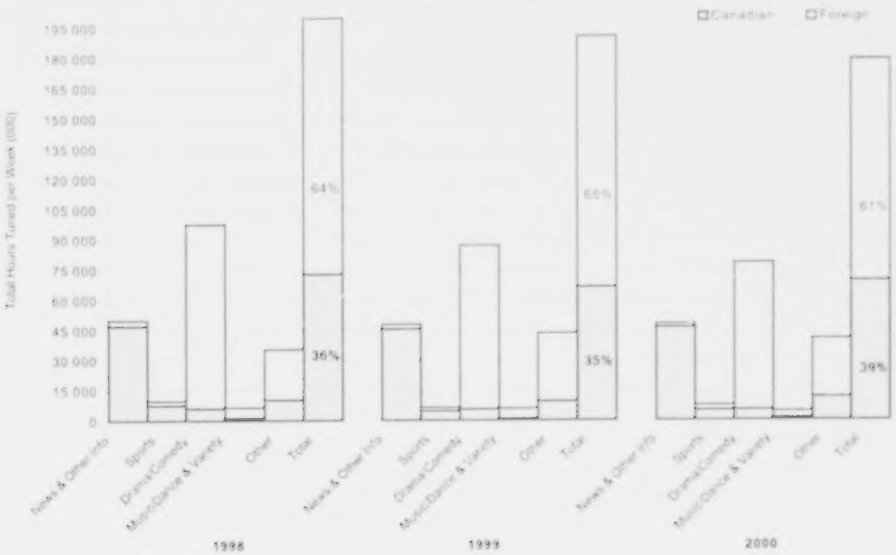
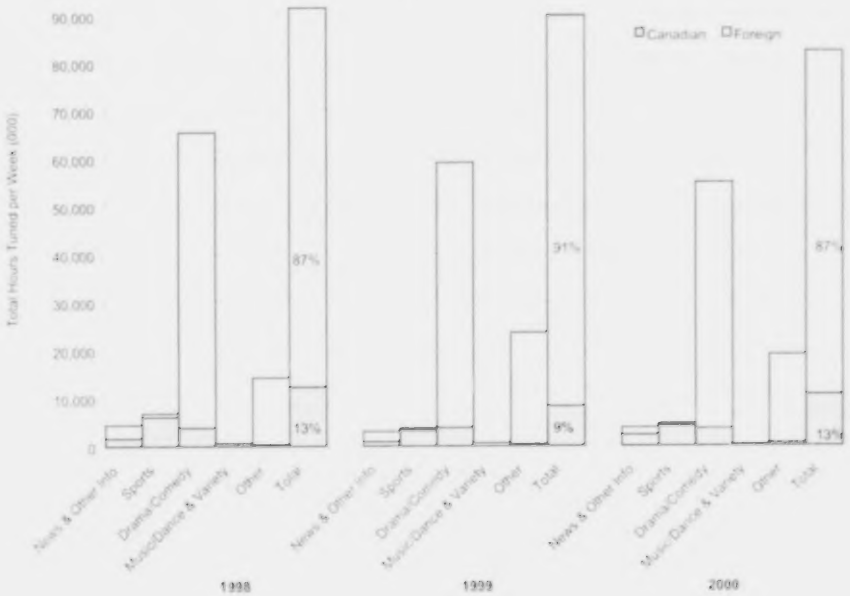



Chart 6: Peak viewing period – 7 p.m. to 11 p.m.



b) English-language – CBC (owned & operated) and affiliates

Chart 7: Broadcast day – 6 a.m. to 2 a.m.

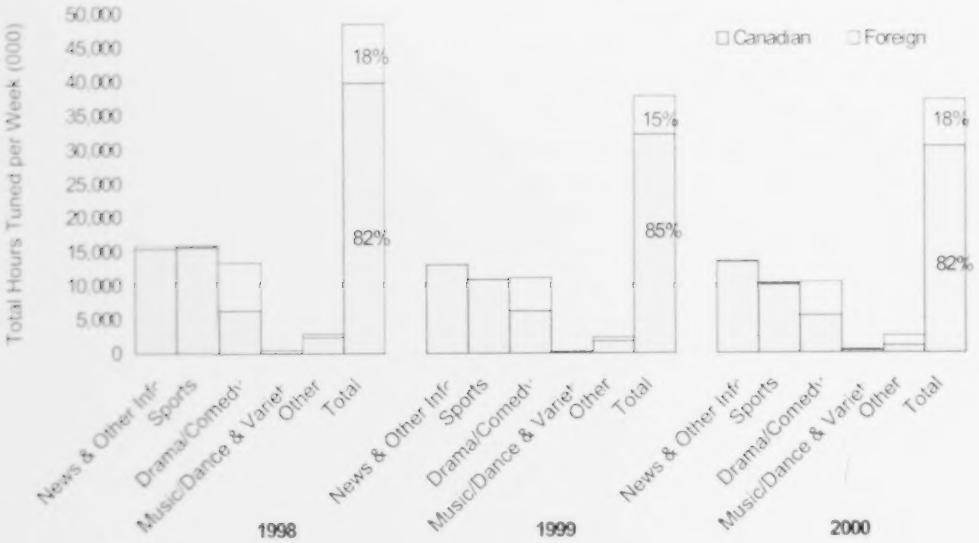
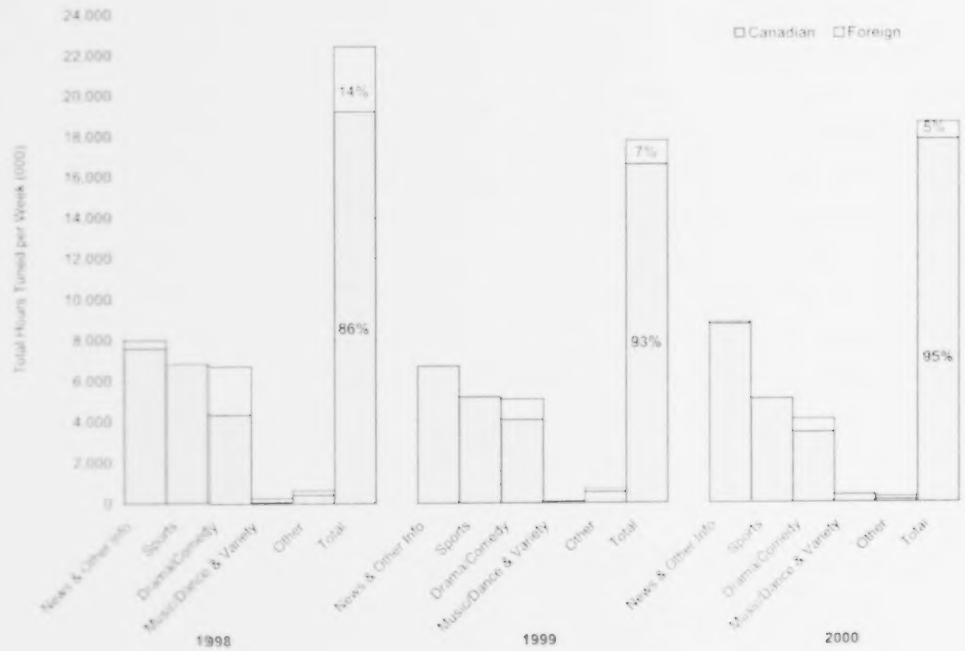
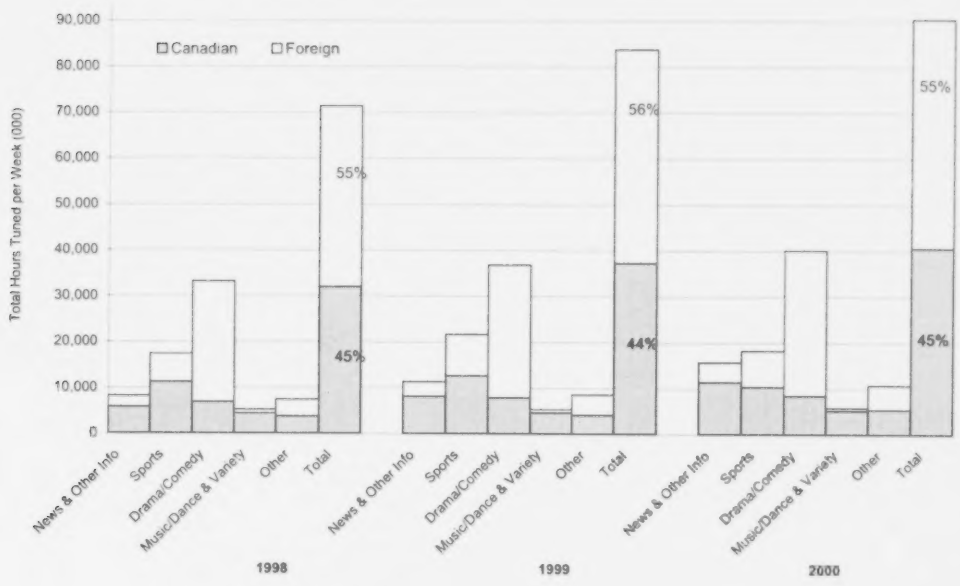



Chart 8: Peak viewing period – 7 p.m. to 11 p.m.

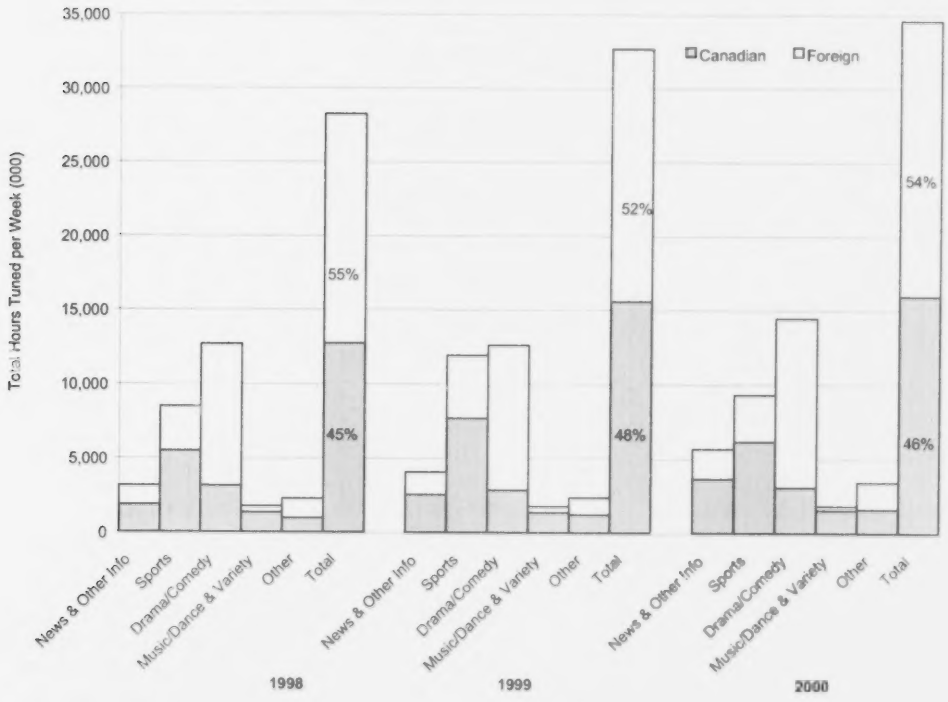


## c) English-language – Canadian Pay & Specialty Services

### Chart 9: Broadcast day – 6 a.m. to 2 a.m.

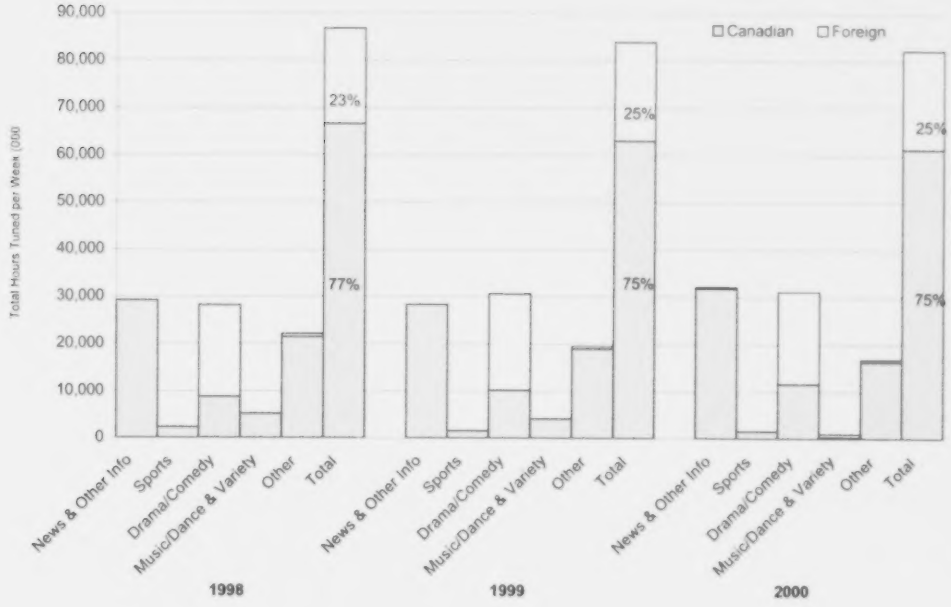



### Chart 10: Peak viewing period – 7 p.m. to 11 p.m.

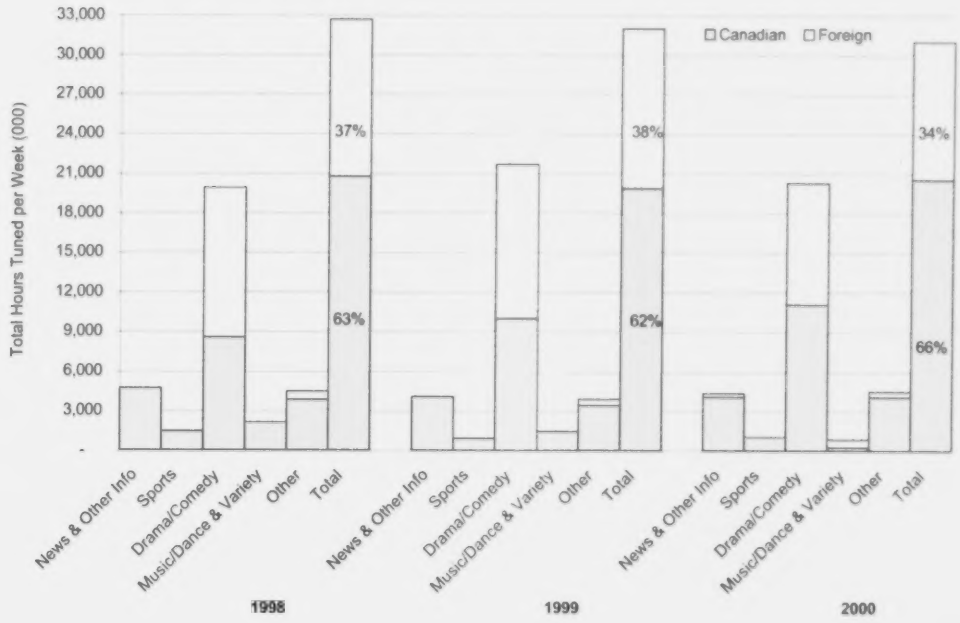


## d) French-language – Canadian private conventional TV

### Chart 11: Broadcast day – 6 a.m. to 2 a.m.

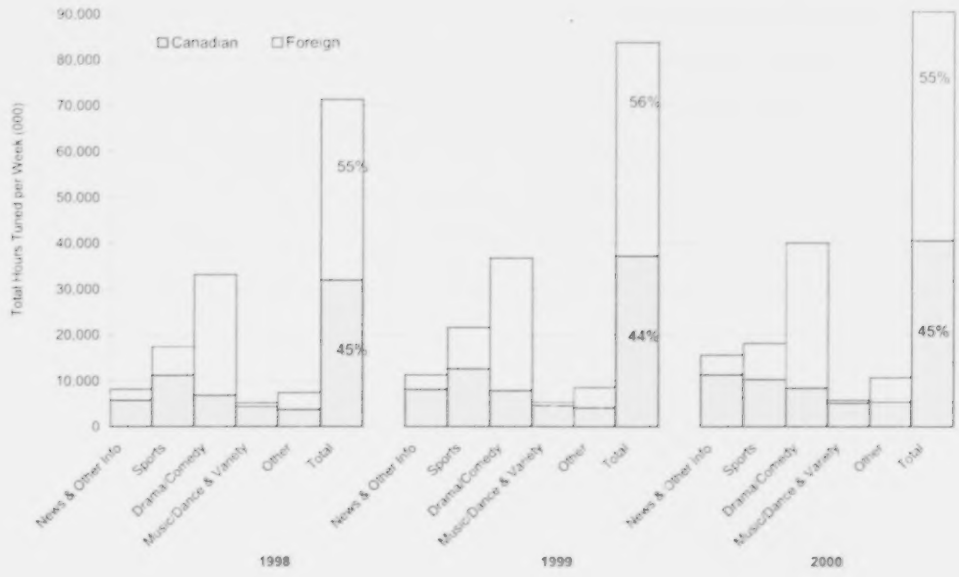



### Chart 12: Peak viewing period – 7 p.m. to 11 p.m.

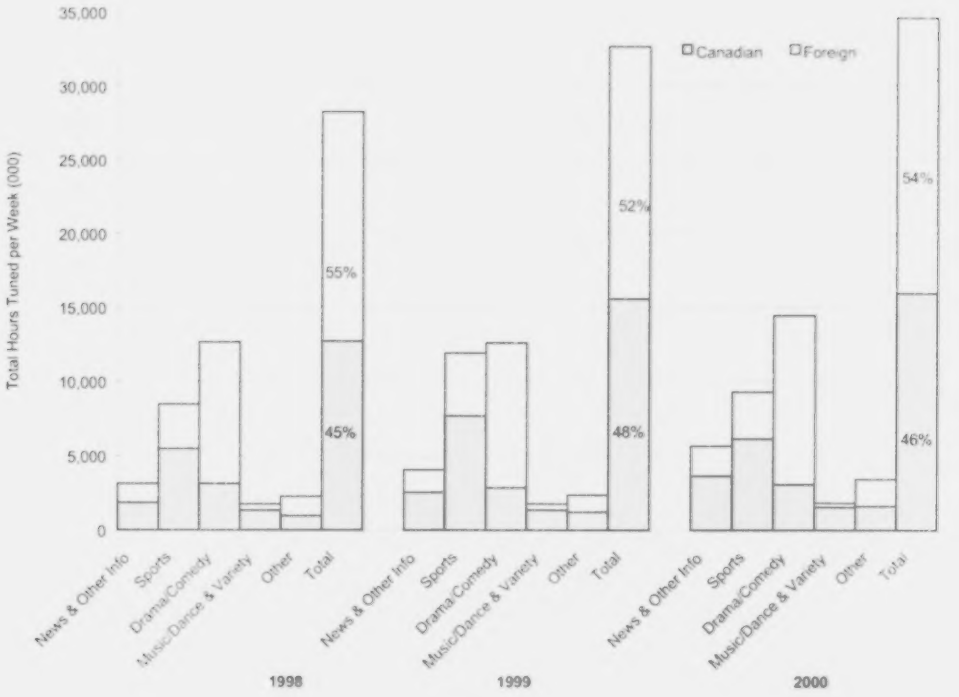


## c) English-language – Canadian Pay & Specialty Services

### Chart 9: Broadcast day – 6 a.m. to 2 a.m.

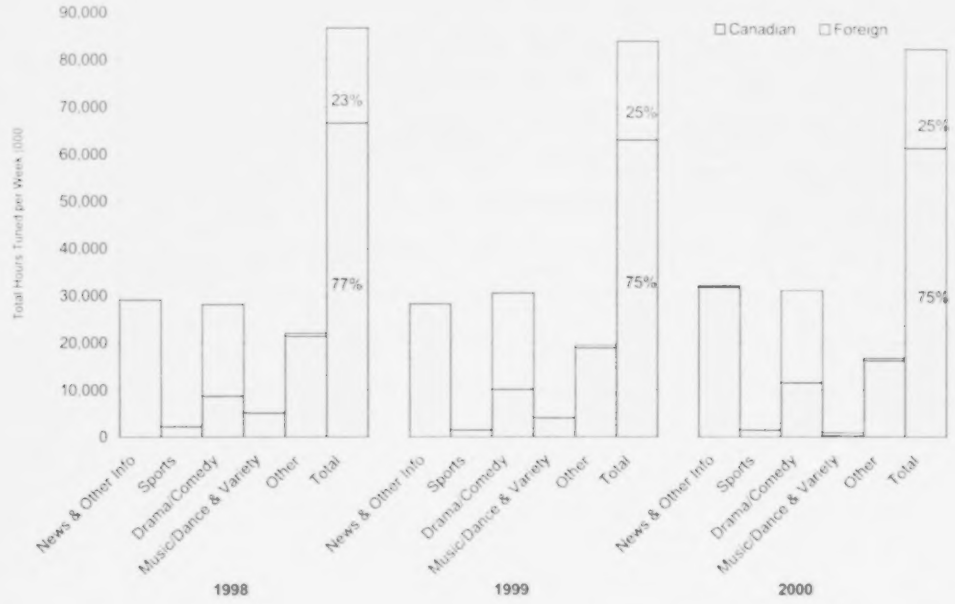



### Chart 10: Peak viewing period – 7 p.m. to 11 p.m.

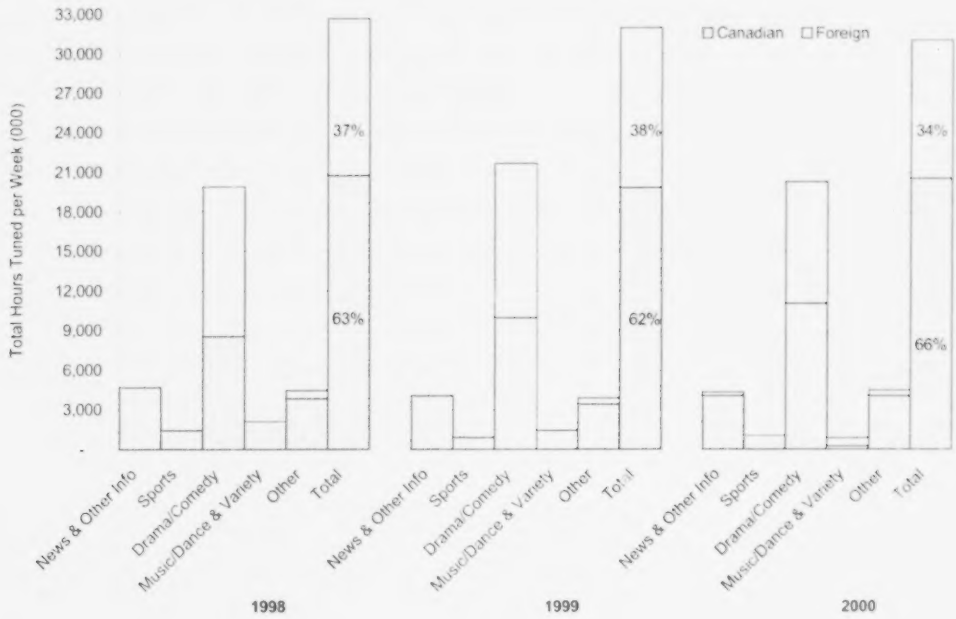


## d) French-language – Canadian private conventional TV

### Chart 11: Broadcast day – 6 a.m. to 2 a.m.

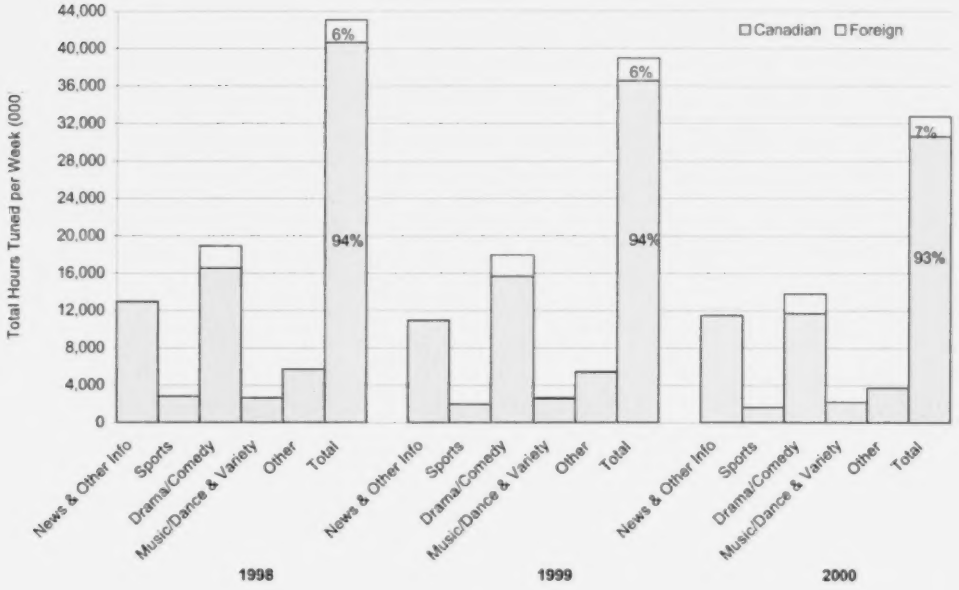



### Chart 12: Peak viewing period – 7 p.m. to 11 p.m.

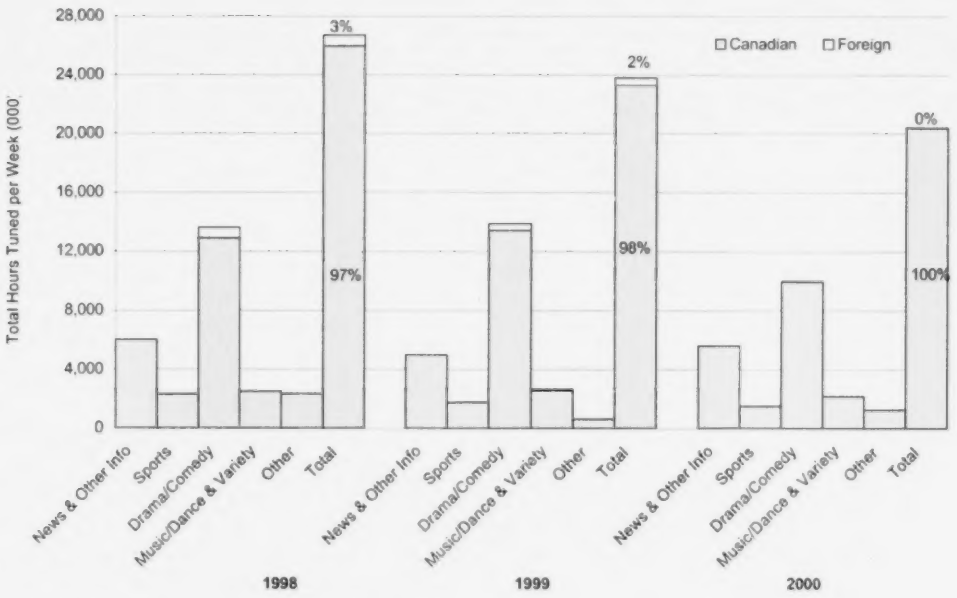


## e) French-language – SRC (owned & operated) and affiliates

### Chart 13: Broadcast day – 6 a.m. to 2 a.m.

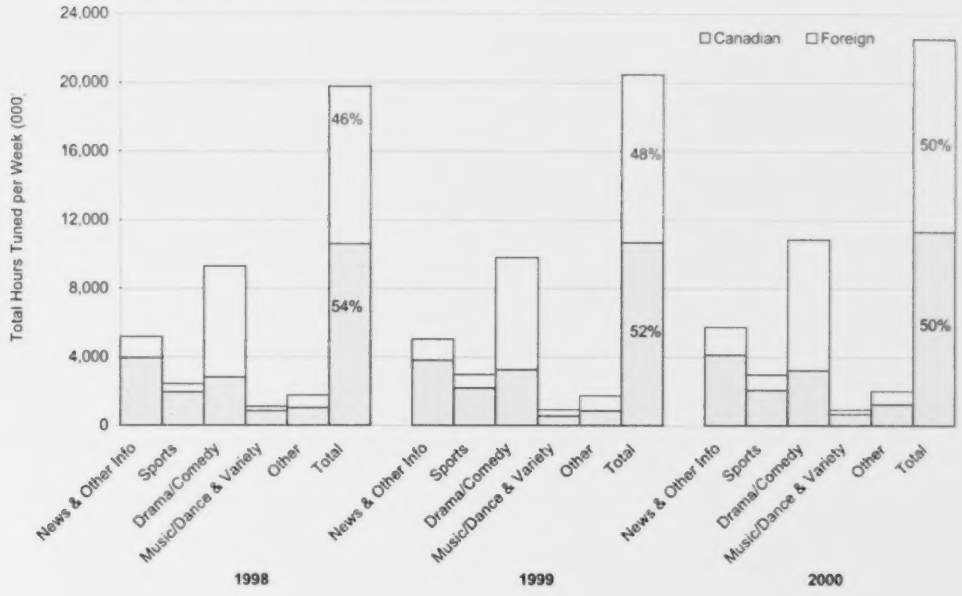



### Chart 14: Peak viewing period – 7 p.m. to 11 p.m.

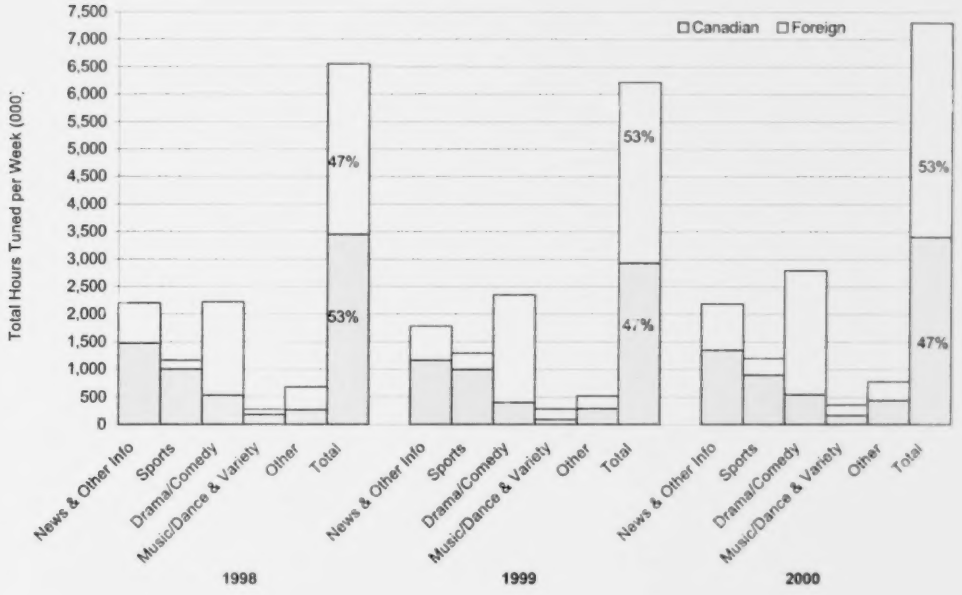


## f) French-language – Canadian Pay & Specialty Services

### Chart 15: Broadcast day – 6 a.m. to 2 a.m.

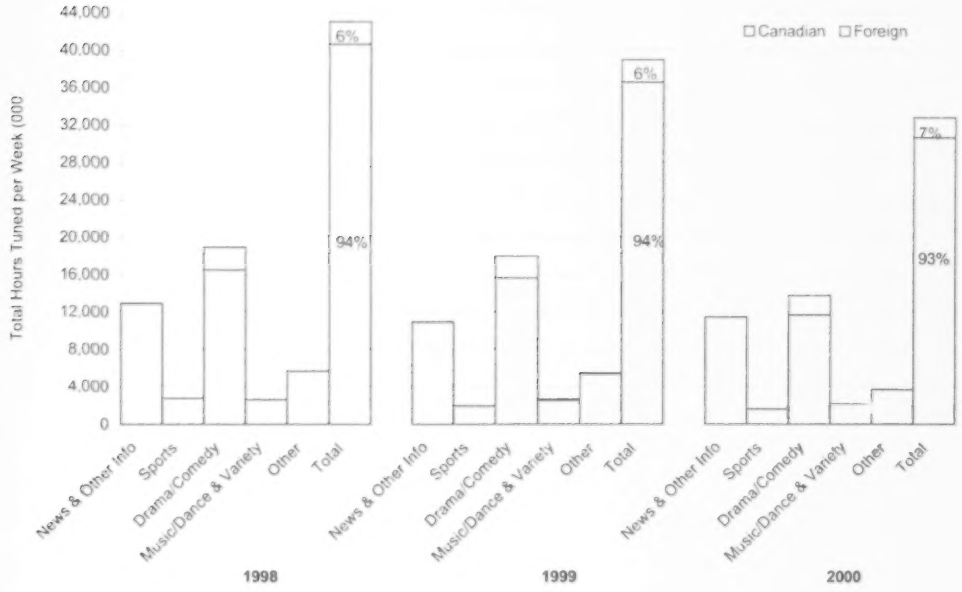



### Chart 16: Peak viewing period – 7 p.m. to 11 p.m.

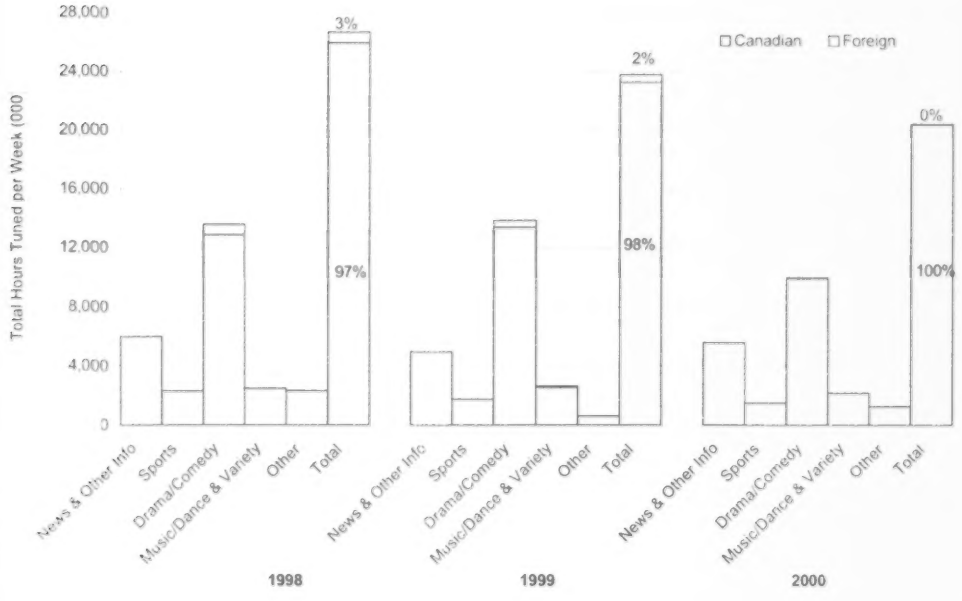


## e) French-language – SRC (owned & operated) and affiliates

### Chart 13: Broadcast day – 6 a.m. to 2 a.m.

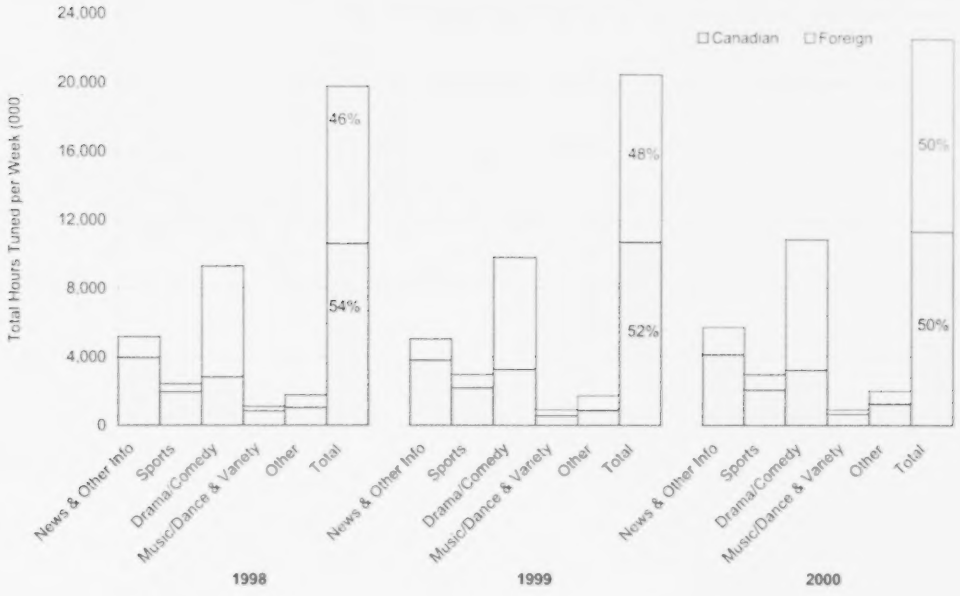



### Chart 14: Peak viewing period – 7 p.m. to 11 p.m.

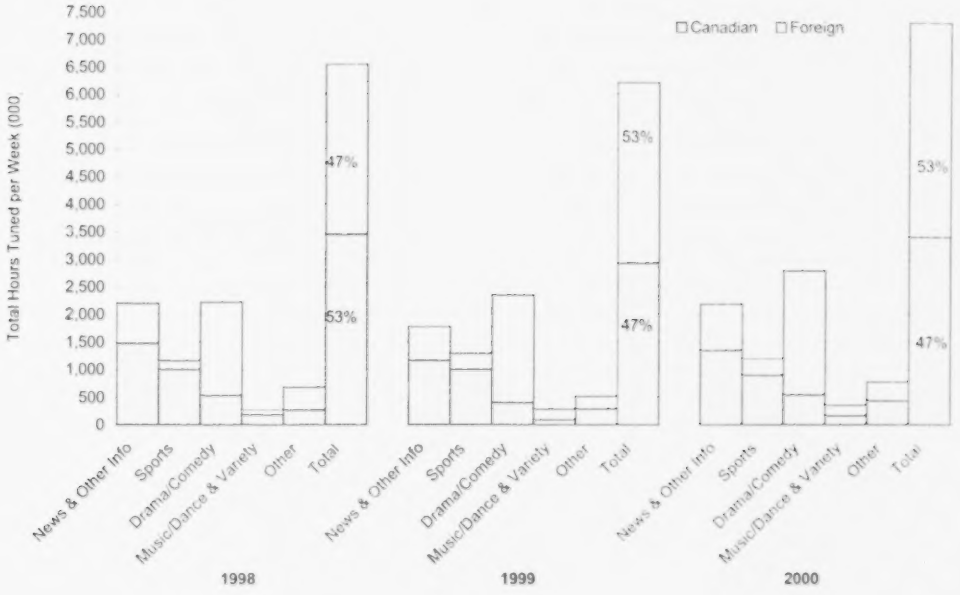


## f) French-language – Canadian Pay & Specialty Services

### Chart 15: Broadcast day – 6 a.m. to 2 a.m.




### Chart 16: Peak viewing period – 7 p.m. to 11 p.m.



## III. Scheduling and Viewing of Canadian Priority Programming[4]

- In Public Notice CRTC 1999-97 "Building on Success – A Policy Framework for Canadian Television" the Commission indicated that one of its goals in developing the policy is to "ensure quality Canadians programs at times when Canadian are watching".

- The 1999 policy states that the Commission wishes to ensure the availability of a range of diverse programming in a sufficient number of hours to attract audiences to Canadian programming during peak viewing periods (7 p.m. to 11 p.m.).

- "Under-represented Canadian programming" (drama, music and variety programs) was redefined as "priority programming" and expanded to include long-form documentaries, regionally produced programs and entertainment magazine programs.

- The policy also required that the largest "multi-station ownership groups" offer as a minimum, in each broadcast year, an average of eight hours per week of priority Canadian programming during the 7 p.m. to 11 p.m. peak viewing period. This requirement is in addition to any benefit commitments made by these broadcasters in connection with transfers of ownership or control. Currently, CTV, Global and TVA meet the Commission's definition of large multi-station ownership groups.

- The majority of the television stations controlled by these large broadcasters were renewed in 2001[5]. In its renewal decisions, the Commission indicated that it would be monitoring and evaluating Canadian priority programming scheduling practices and related audience levels, in order to test whether the goals of the Television Policy were being achieved.

- The 2001 renewal decisions for TVA and CTV also outlined the significant recent transfer benefits related to priority programming that the groups were required to fulfill during their next licence term:

  Decision CRTC 2000-747 "Transfer of effective control of CTV Inc. to BCE Inc." requires the licensee to broadcast a minimum of 175 hours of original Canadian priority programming over the licence term (in addition to the base level of eight hours per week), and a minimum total incremental expenditure of $140 million over the licence term on the benefits-related priority programming.

  Decision CRTC 2001-384 "Transfer of effective control of TVA to Québecor Média Inc." requires the licensee to expend a minimum of $39.8 million of the benefits on

[4] 200 Preliminary results only.
[5] Decisions: CRTC 2001-457; 2001-385; 2001-458

priority programming, incremental to a base level of priority programming expenditures as outlined in the decision.

- The priority programming benefits for both TVA and CTV commence in the 2001/ 2002 broadcast year.

- The following charts set out the average total weekly hours of Canadian priority programming scheduled and the average weekly hours tuned to these programs, during the peak viewing period of 7 p.m. to 11 p.m., as reported by BBM and CRTC Research, during Fall 2000 for all the CTV, Global and TVA conventional television stations.

## CTV Television priority programming – 7 p.m. to 11 p.m.

Chart 17: CTV – Total average hours tuned per week – BBM Fall 2000

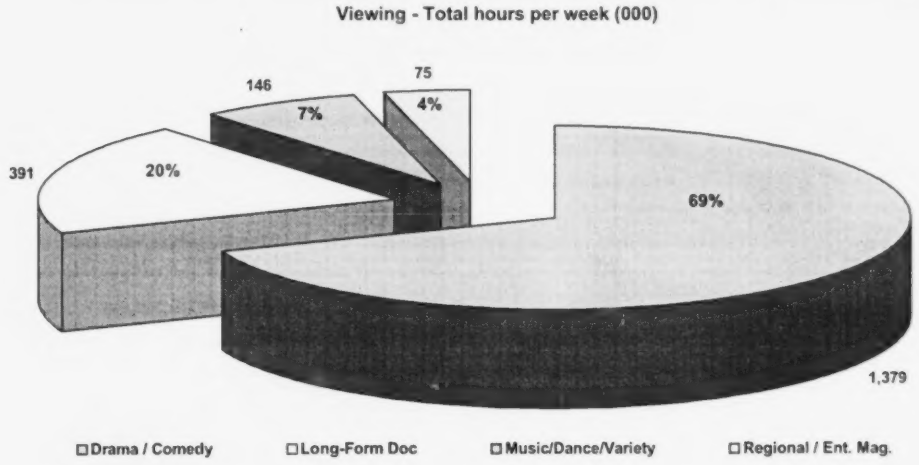
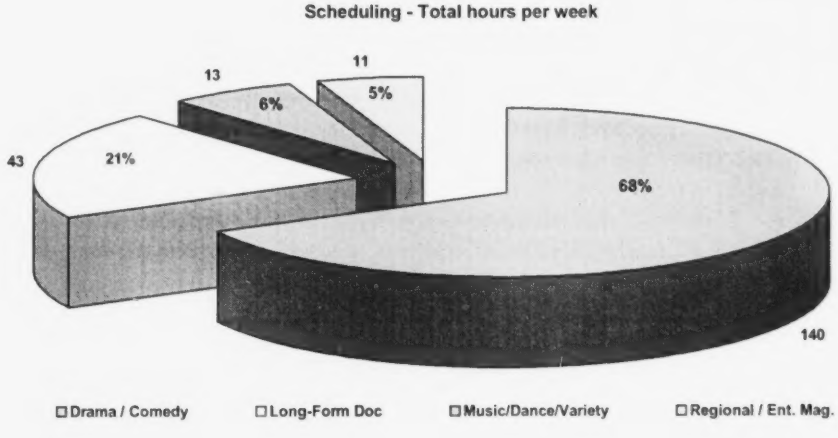



Chart 18: CTV – Total average hours scheduled per week – BBM Fall 2000



priority programming, incremental to a base level of priority programming expenditures as outlined in the decision.

- The priority programming benefits for both TVA and CTV commence in the 2001/2002 broadcast year.

- The following charts set out the average total weekly hours of Canadian priority programming scheduled and the average weekly hours tuned to these programs, during the peak viewing period of 7 p.m. to 11 p.m., as reported by BBM and CRTC Research, during Fall 2000 for all the CTV, Global and TVA conventional television stations.

CTV Television priority programming – 7 p.m. to 11 p.m.

Chart 17: CTV – Total average hours tuned per week – BBM Fall 2000

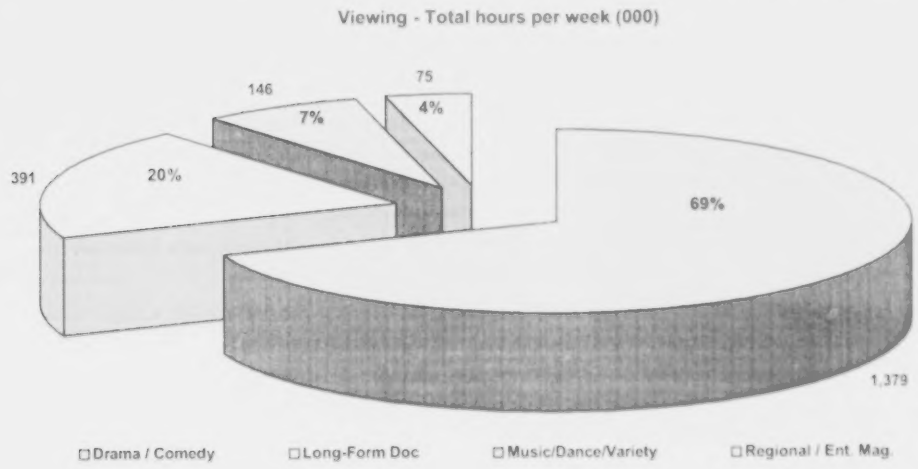
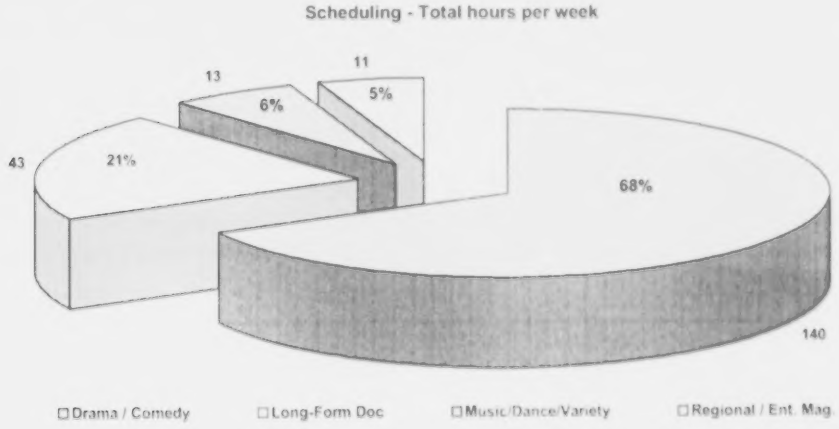



Chart 18: CTV – Total average hours scheduled per week – BBM Fall 2000



CanWest / Global Television priority programming – 7 p.m. to 11 p.m.

Chart 19: CanWest / Global – Total average hours tuned per week – BBM Fall 2000

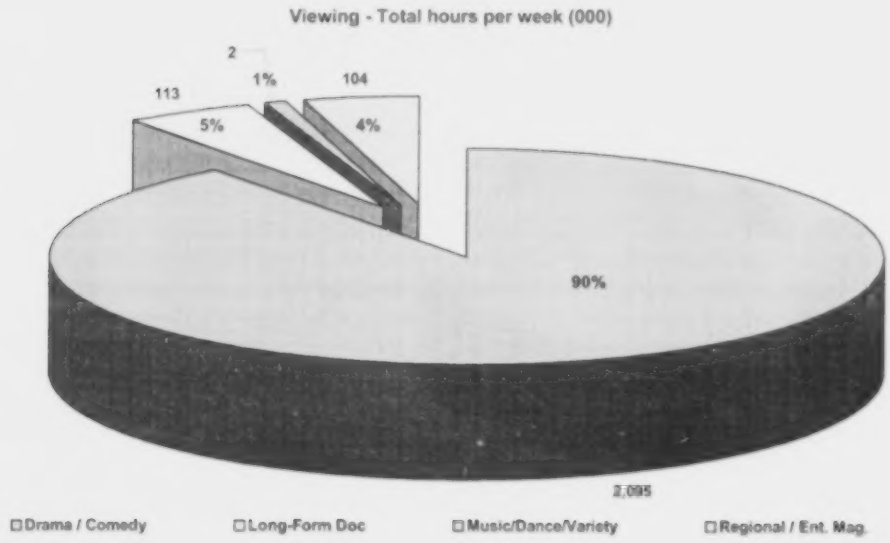
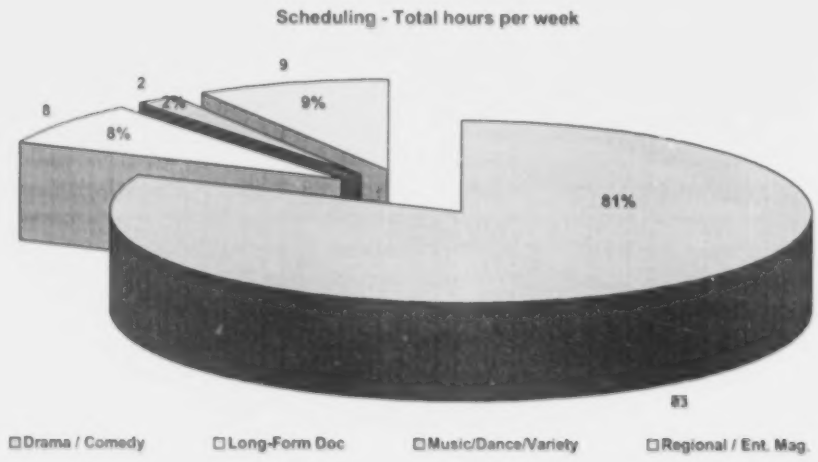



Chart 20: CanWest / Global -Total average hours scheduled per week – BBM Fall 2000



TVA Television priority programming – 7 p.m. to 11 p.m.

Chart 21: TVA – Total average hours tuned per week – BBM Fall 2000

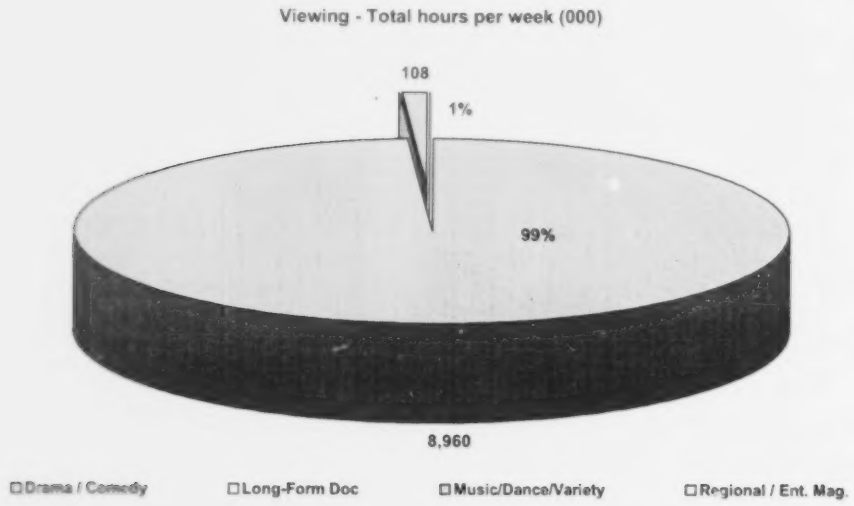
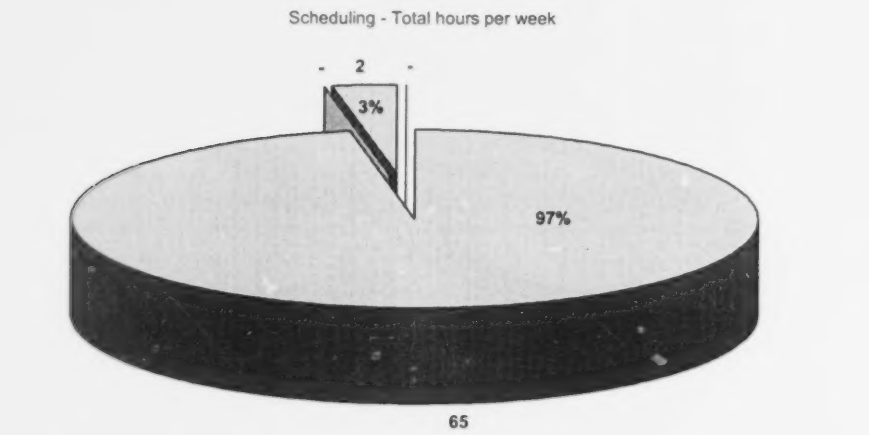



Chart 22: TVA – Total average hours scheduled per week – BBM Fall 2000



CanWest / Global Television priority programming – 7 p.m. to 11 p.m.

Chart 19: CanWest / Global – Total average hours tuned per week – BBM Fall 2000

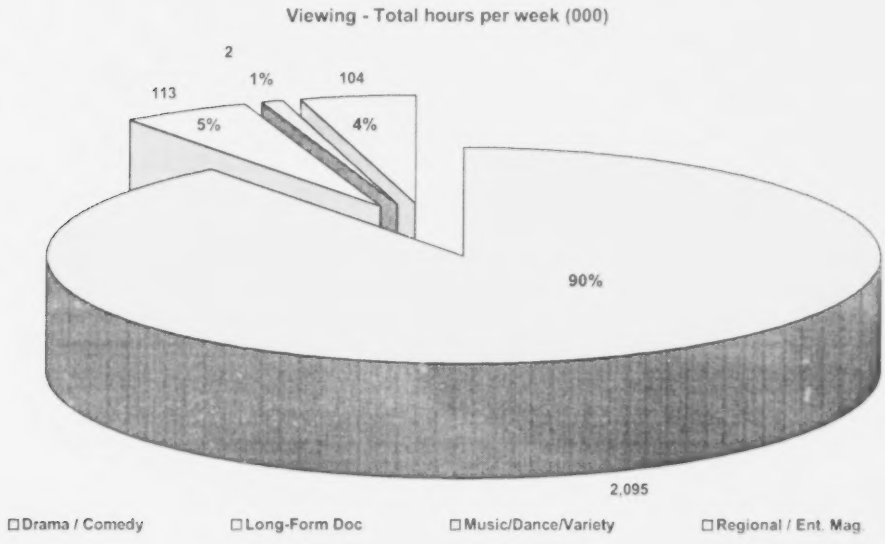



Chart 20: CanWest / Global -Total average hours scheduled per week – BBM Fall 2000

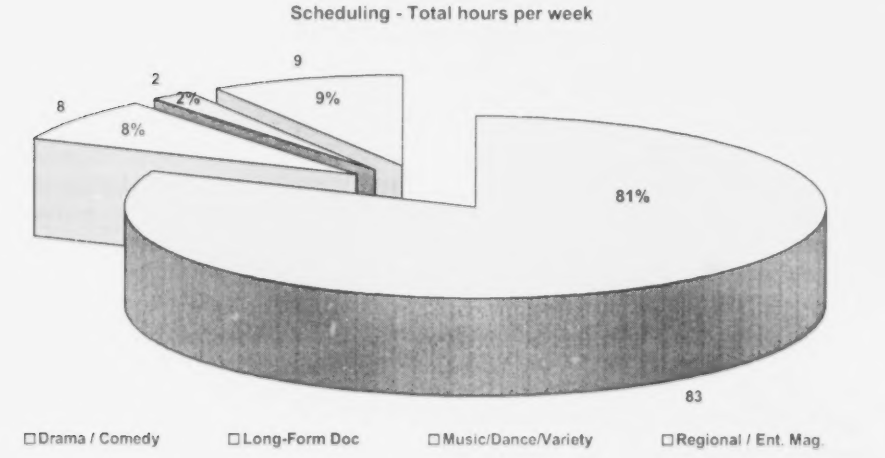


Chart 21: TVA – Total average hours tuned per week – BBM Fall 2000

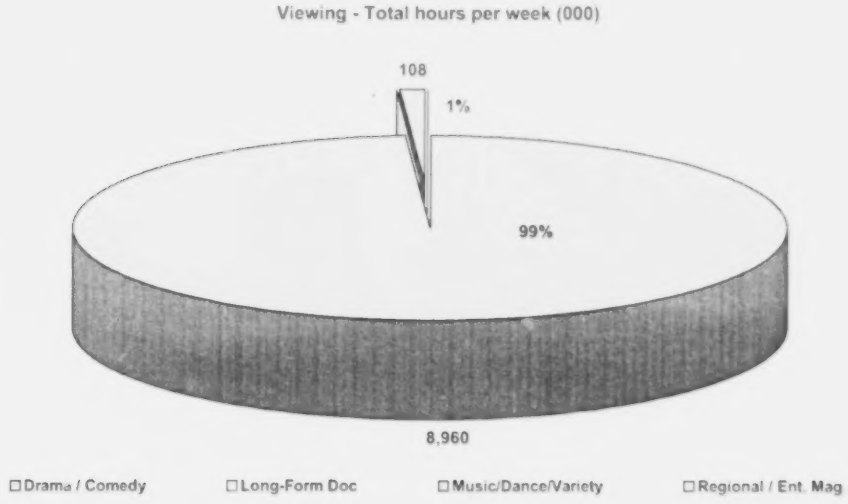
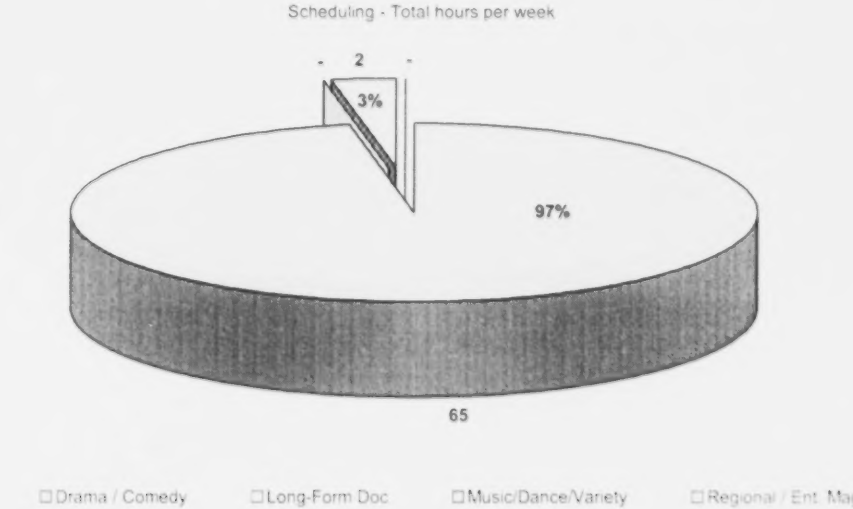



Chart 22: TVA – Total average hours scheduled per week – BBM Fall 2000

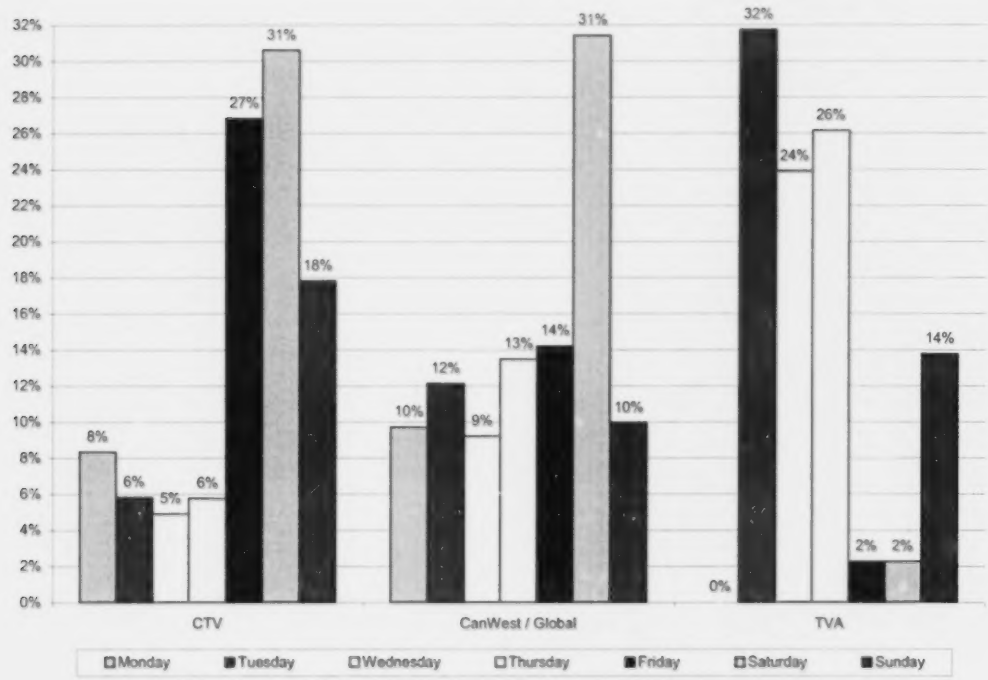


## Daily Scheduling of Television priority programming – 7 p.m. to 11 p.m.

- In its renewal decisions of CTV, CanWest/Global and TVA licences, the Commission emphasized that Canadian programming should be available to Canadians, when Canadians are watching television – both on a weekly and seasonal basis.

- The following chart sets out the daily percentage of the total average weekly hours of Canadian priority programming scheduled during the peak viewing period of 7 p.m. to 11 p.m., as reported by BBM and CRTC Research, during Fall 2000 for all the CTV, Global and TVA conventional television stations. (Percentages correspond to the total average hours scheduled per week indicated in charts 18, 20 and 22.)

Chart 23

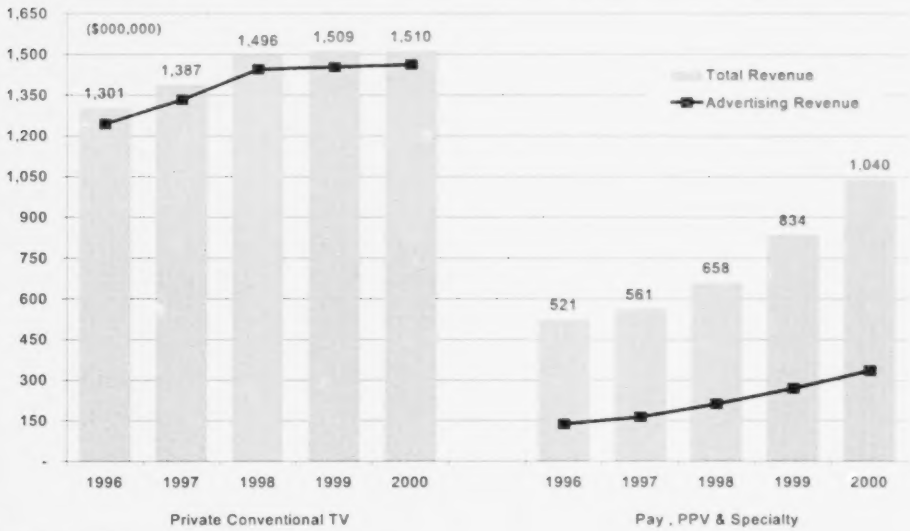


# IV. Financial Performance

## A. Total Revenues

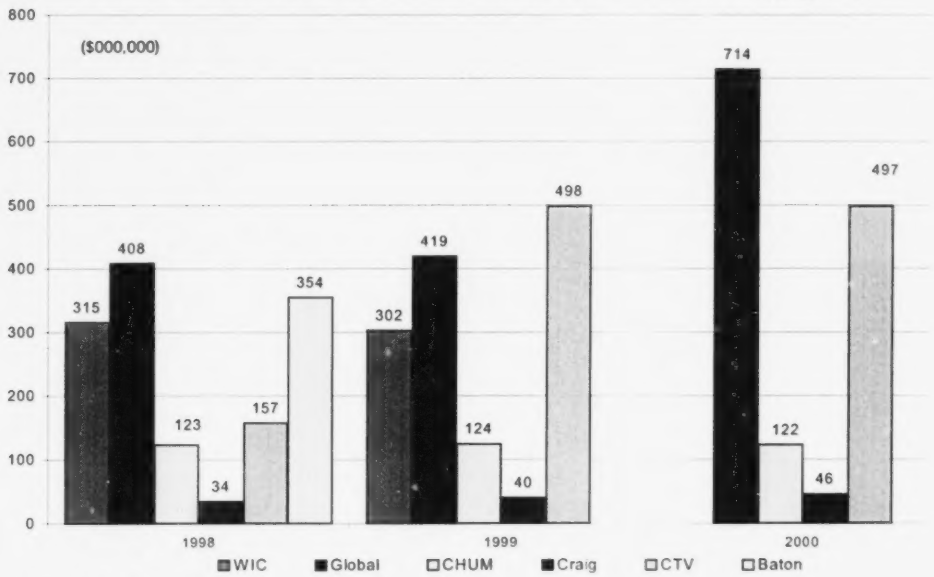
### 1. Canadian English-language services

Chart 24: Revenues: private conventional TV & pay, PPV and specialty services




Includ s ethnic & bilingual services
Source: CRTC Financial Database

Chart 25: Revenues of private conventional TV services by group




Source: CRTC Financial Database

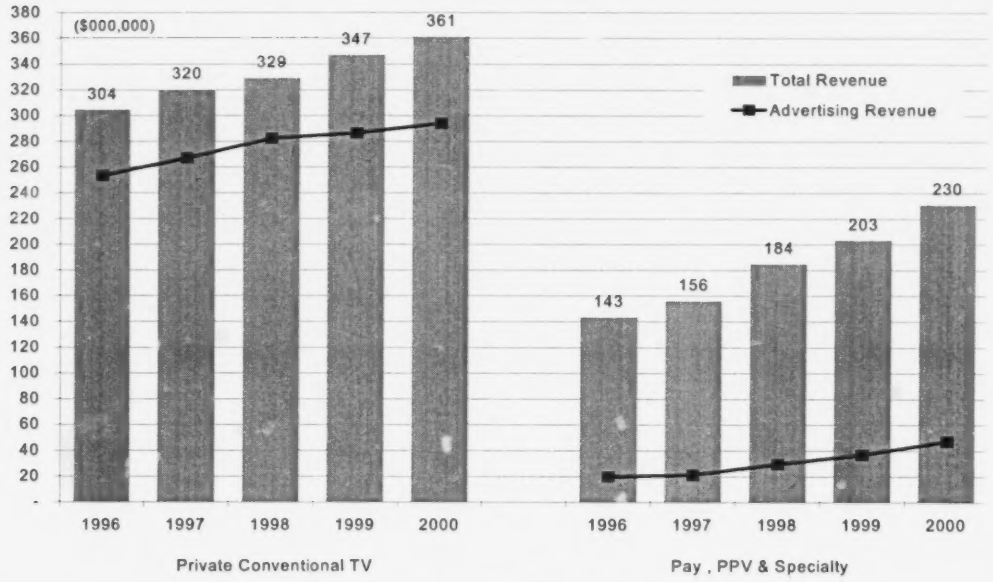
- Global acquired control of WIC 6 July 2000 CRTC 2000-221. In 2001 the Commission approved applications to transfer ownership of CF television in Montreal and CKVU-TV in Vancouver, from Global to CTV and CHUM respectively.

- Baton acquired control of CTV Network on 1 September 1998. Baton changed its name to CTV on 18 December 1998.

- CTV revenues for 1998 include the CTV network only. CTV revenues for 1999 and 2000 includes the CTV network plus CTV stations, less the network payments to CTV affiliates

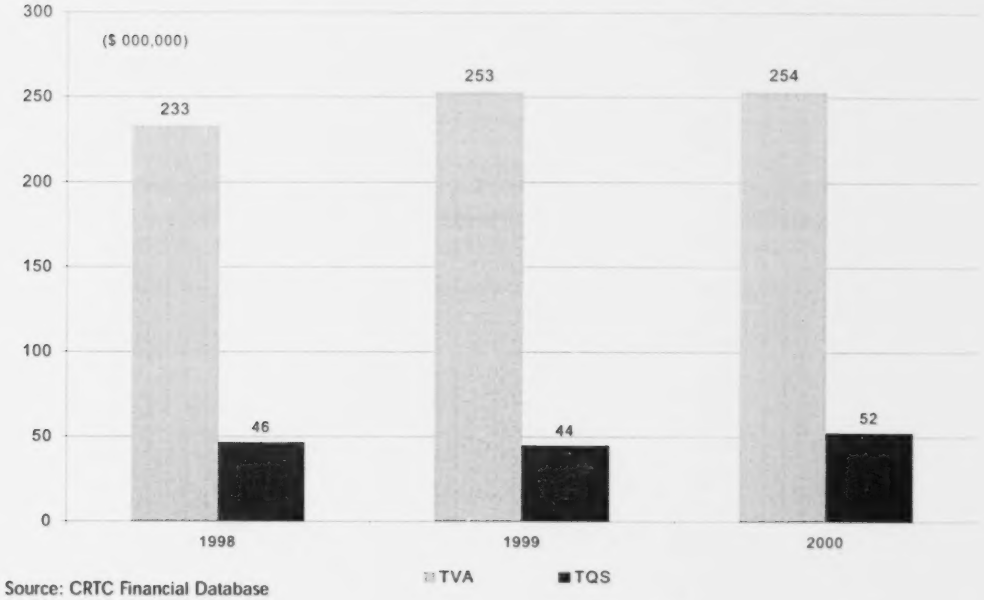
## 2. Canadian French-language services

Chart 26: Revenues – private conventional TV & pay, PPV and specialty services




Excludes bilingual services
Source: CRTC Financial Database

Chart 27: Revenues of private conventional TV services by group

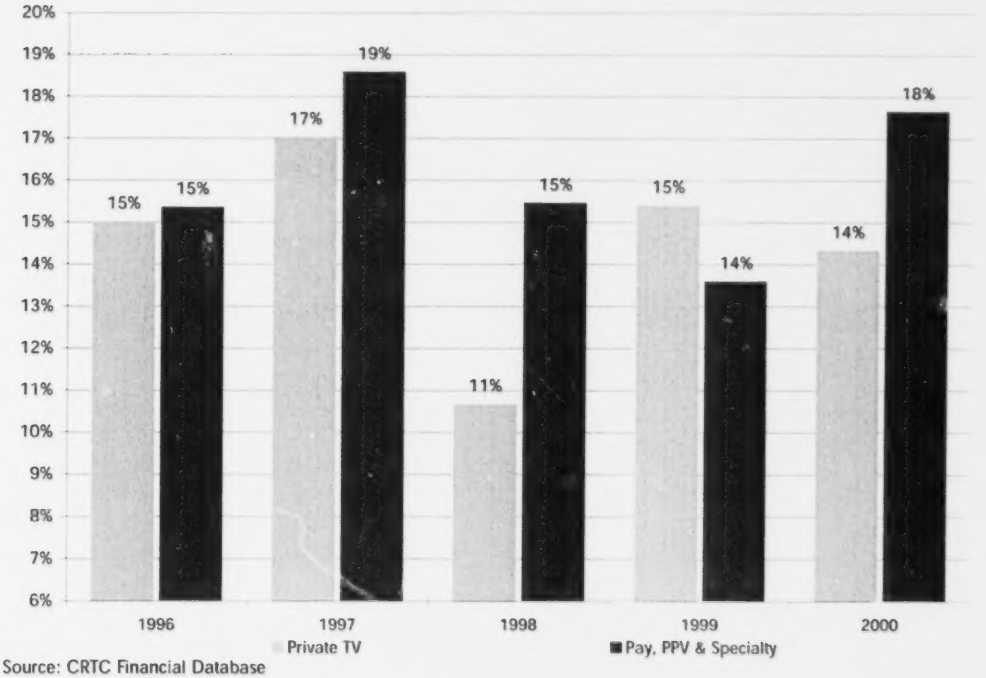



Source: CRTC Financial Database

## B Aggregate Profits Before Interest and Taxes (PBIT) Margins (%)

### 1. English-Language Services

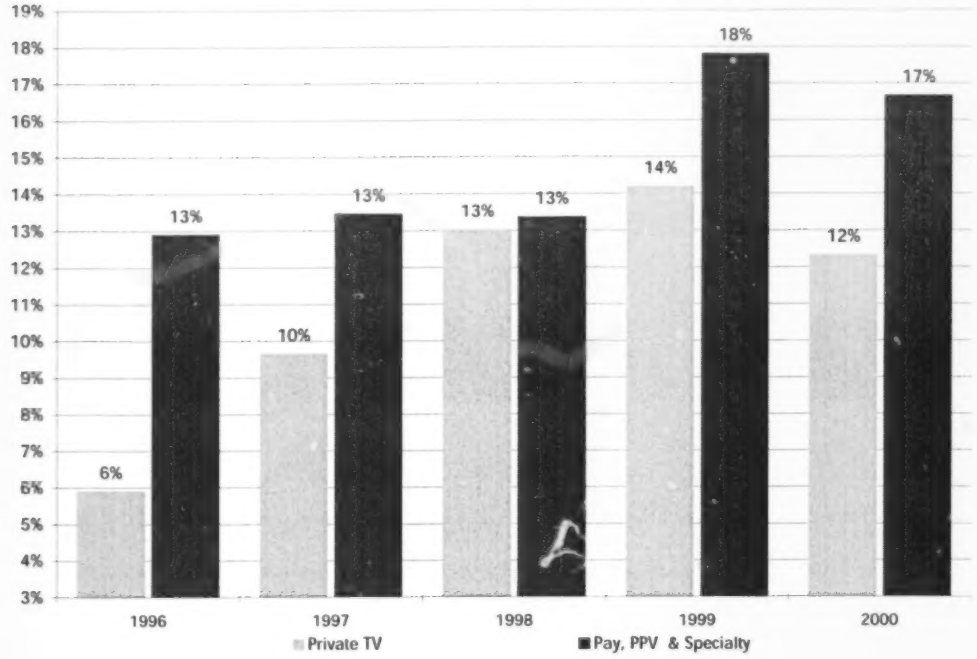
Chart 28: Aggregate PBIT margins: private conventional TV & pay, PPV and specialty services




Source: CRTC Financial Database

## 2. French-Language Services

Chart 29: Aggregate PBIT margins: private conventional TV & pay, PPV and specialty services




Source: CRTC Financial Database

# V. Eligible Expenditures on Canadian Programming (CPE)

## A. English-language

Table 6: Private conventional television

| Genre ($ 000) | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| News (Cat. 1) | 218,621 | 229,512 | 237,223 | 229,931 | 5% | 3% | -3% |
| Other Info. (Cat. 2 to 5) | 24,277 | 26,427 | 27,080 | 26,174 | 9% | 2% | -3% |
| Sports (Cat. 6) | 36,281 | 31,426 | 29,901 | 26,727 | -13% | -5% | -11% |
| Drama & Comedy (Cat. 7) | 47,576 | 85,211 | 74,450 | 80,229 | 79% | -13% | 8% |
| Music/Variety (Cat. 8 & 9) | 4,561 | 7,979 | 5,727 | 5,520 | 75% | -28% | -4% |
| Game Show (Cat. 10) | 217 | 179 | 220 | 41 | -18% | 23% | -81% |
| Human Interest (Cat. 11) | 35,639 | 36,781 | 28,777 | 25,017 | 3% | -22% | -13% |
| **Total (Cat 1 to 11)** | 367,172 | 417,516 | 403,377 | 393,638 | 14% | -3% | -2% |

*Includes ethnic stations & funding from the CTF* *Source: CRTC Financial Database*

Table 7: CBC television

| Genre ( $ 000 ) | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| News (Cat. 1) | 30,719 | 53,790 | 97,606 | 100,047 | 75% | 81% | 3% |
| Other Info. (Cat. 2 to 5) | 28,314 | 52,605 | 48,079 | 40,086 | 86% | -9% | -17% |
| Sports (Cat. 6) | 77,935 | 119,302 | 128,455 | 95,031 | 53% | 8% | -26% |
| Drama & Comedy (Cat. 7) | 35,945 | 35,325 | 62,016 | 62,407 | -2% | 76% | 1% |
| Music/Variety (Cat. 8 & 9) | 14,134 | 19,166 | 12,218 | 8,156 | 36% | -36% | -33% |
| Game Show (Cat. 10) | - | - | - | - | - | - | - |
| Human Interest (Cat. 11) | 17,008 | 31,167 | 4,667 | 18,568 | 83% | -85% | 298% |
| **Total (Cat 1 to 11)** | 204,055 | 311,355 | 353,041 | 324,295 | 53% | 13% | -8% |

*Excludes funding from CTF*

*Source: CBC Annual Returns*

Table 8: Pay, PPV and specialty services

| | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| **Specialty Services:** | | | | | | | |
| *Number of Services* | *13* | *22* | *25* | *28* | *69%* | *14%* | *12%* |
| CPE ( $ 000 ) | 181,608 | 211,716 | 302,571 | 345,421 | 17% | 43% | 14% |
| **Pay & PPV Services:** | | | | | | | |
| *Number of Services* | *7* | *9* | *9* | *10* | *29%* | *0%* | *11%* |
| CPE ( $ 000 ) | 17,131 | 14,720 | 18,349 | 29,382 | -14% | 25% | 60% |
| **Total Pay, PPV & Specialty Services** | | | | | | | |
| *Number of Services* | *20* | *31* | *34* | *38* | *55%* | *10%* | *12%* |
| CPE ( $ 000 ) | 198,739 | 226,436 | 320,920 | 374,803 | 14% | 42% | 17% |

*Includes bilingual services & funding from the CTF*

*Source CRTC Financial Database*

B. French-language

Table 9: Private conventional television and SRC

| Genre ( $ 000 ) | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| News (Cat. 1) | 67,906 | 70,876 | 96,726 | 111,698 | 4% | 36% | 15% |
| Other Info. (Cat. 2 to 5) | 44,539 | 48,132 | 49,469 | 53,645 | 8% | 3% | 8% |
| Sports (Cat. 6) | 27,219 | 24,118 | 22,430 | 20,674 | -11% | -7% | -8% |
| Drama & Comedy (Cat. 7) | 53,659 | 59,941 | 57,974 | 59,800 | 12% | -3% | 3% |
| Music/Variety (Cat. 8 & 9) | 32,623 | 32,573 | 38,104 | 37,792 | 0% | 17% | -1% |
| Game Show (Cat. 10) | 3,567 | 2,817 | 3,112 | 2,241 | -21% | 11% | -28% |
| Human Interest (Cat. 11) | 25,021 | 29,195 | 36,173 | 44,012 | 17% | 24% | 22% |
| **Total (Cat 1 to 11)** | 254,534 | 267,653 | 303,989 | 329,863 | 5% | 14% | 9% |

*Includes funding from the CTF reported by Private conventional TV*

*Source: CRTC Financial Database & CBC Annual Returns*

Table 10: Pay, PPV and specialty services

| | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| **Specialty Services:** | | | | | | | |
| *Number of Services* | *6* | *9* | *9* | *13* | *50%* | *0%* | *44%* |
| CPE ( $ 000 ) | 54,654 | 71,797 | 76,849 | 81,878 | 31% | 7% | 7% |
| **Pay & PPV Services:** | | | | | | | |
| *Number of Services* | *2* | *3* | *3* | *3* | *50%* | *0%* | *0%* |
| CPE ( $ 000 ) | 6,015 | 5,734 | 5,516 | 6,798 | -5% | -4% | 23% |
| **Total Pay, PPV & Specialty Services** | | | | | | | |
| *Number of Services* | *8* | *12* | *12* | *16* | *50%* | *0%* | *33%* |
| CPE ( $ 000 ) | 60,669 | 77,531 | 82,365 | 88,676 | 28% | 6% | 8% |

*Includes funding from the CTF - Excludes bilingual services* *Source CRTC Financial Database*

## C. Ethnic specialty services

Table 11: Specialty services

| **Specialty Services** | 1997 | 1998 | 1999 | 2000 | Annual % Growth 98 | 99 | 00 |
|---|---|---|---|---|---|---|---|
| *Number of Services* | *3* | *4* | *4* | *4* | *33%* | *0%* | *0%* |
| CPE ( $ 000 ) | 5,718 | 7,350 | 7,842 | 8,346 | 29% | 7% | 6% |

*Includes funding from the CTF* *Source CRTC Financial Database*

## VI. Canada's Independent Production Companies

- Table 12 below lists Canada's top independent production companies ranked by their total production and development expenditures in 2000. Table 13 provides the total production and development expenditures of all Canadian Independent production companies.

Table 12: Top Canadian Independent Production Companies in 2000

| Company | ( $ 000 ) | | | Growth |
|---|---|---|---|---|
| | 1998 | 1999 | 2000 | 98 to 00 |
| 1. Alliance Atlantis *(1)* | 300,217 | 258,600 | 292,395 | *-3%* |
| 2. Fireworks Entertainment | 74,036 | 142,797 | 203,624 | *175%* |
| 3. G.F.T. Entertainment | 27,350 | 38,100 | 103,914 | *280%* |
| 4. Lions Gate Entertainment | 35,202 | 94,873 | 96,155 | *173%* |
| 5. Peace Arch Entertainment *(2)* | 53,042 | 49,952 | 91,169 | *72%* |
| 6. Cinar | 75,450 | 90,000 * | 80,000 * | *6%* |
| 7. Nelvana | 77,600 | 81,712 | 79,000 * | *2%* |
| 8. Muse Entertainment *(3)* | - | - | 55,100 | - |
| 9. Telescene Film Group | 76,500 | 76,500 | 55,000 * | *-28%* |
| 10. Zone3 *(3)* | - | - | 50,000 | - |
| 11. Salter Street Films | 41,550 | 46,906 | 44,900 | *8%* |
| 12. Sextant Entertainment *(3)* | - | - | 37,700 | - |
| 13. Sullivan Entertainment | 34,500 * | 54,000 * | 31,425 * | *-9%* |
| 14. Catalyst Entertainment | 19,600 | 24,075 | 26,910 | *37%* |
| 15. Imax Corporation | 35,300 | 25,000 | 26,866 | *-24%* |

Source: Playback © 1999, 2000 and 2001 Brunico Communications Inc. (Website: www.playbackmag.com)

Table 13: All Canadian Independent Production Companies

| | 1998 | | 1999 | | 2000 | | Growth |
|---|---|---|---|---|---|---|---|
| | *( $ 000 )* | *#* | *( $ 000 )* | *#* | *( $ 000 )* | *#* | *98 to 00* |
| **Companies with expenditures totalling $25,000+** | **1,240,926** | **19** | **1,231,354** | **17** | **1,274,158** | **15** | *3%* |
| *% of Total* | *73%* | *16%* | *71%* | *13%* | *70%* | *13%* | |
| **Companies with expenditures totalling less than $25,000** | **458,841** | **99** | **496,002** | **115** | **557,225** | **101** | *21%* |
| *% of Total* | *27%* | *84%* | *29%* | *87%* | *30%* | *87%* | |
| **Total Production & Development Expenditures** | **1,699,767** | **118** | **1,727,356** | **132** | **1,831,383** | **116** | *8%* |

Source: Playback © 1999, 2000 and 2001 Brunico Communications Inc. (Website: www.playbackmag.com):
- Who spent what in 2000, Canadian production takes a leap, & Independent Production Companies, May 14, 2001 Issue
- Who spent what in '99, Animation, TV docs on the rise, & Independent Production Companies, May 15, 2000 Issue.
- Production Companies by Volume - Independent Production, Production holds steady in 1998, May 17, 1998 Issue

Notes: Expenses are reported on a calendar year basis.
* Denotes Playback estimate
(1) Alliance and Atlantis were separate companies in 1998. 1998 Expenditures, for these companies, were combined.
(2) Peace Arch Entertainment expenditures were reported under the title of Vidatron Entertainment Group in 1998.
(3) New companies on the scene: Muse Entertainment, established June 1998; Sextant Entertainment Group, established 1999; Zone3, established 2000

## VII. Specialty, Pay, PPV, VOD and Digital Services

### Specialty Services

- There are currently 49 licensed Canadian specialty services (excluding digital only services): 28 English-language, 14 French-language, 2 bilingual (English & French) and 5 third-language.

### Pay Services

- There are currently six pay television services: five English-language and one French-language.

### PPV Services

- There are four (terrestrial) pay-per-view services: three English-language and one French-language.

- There are currently seven (DTH) pay-per-view services: five English-language, one bilingual, and one French-language.

### VOD Services

- In 1997, the Commission granted five licences for video-on-demand programming undertakings. None of these services are in operation yet.

### Newly Licensed Digital Services

- On November 24th, 2000 the Commission issued decisions granting authorities to the following:

  - 16 English and 5 French-language Category 1 specialty services which must be carried by all distributors who make use of digital technology. These services were approved following a competitive hearing. Category 1 services are licensed on a one-per-genre basis.
  - 262 Category 2 services, which may be distributed on digital, but do not have guaranteed access, including 186 English specialty, 19 French specialty, 42 ethnic specialty, 6 bilingual specialty, 7 English pay and 2 French pay television services. Category 2 services operate on a more competitive, open-entry basis;
  - two pay-per-view, one bilingual and one English, and one DTH pay-per-view service in English;
  - four new video-on-demand services.

- The Commission is reviewing new Category 2 applications on an ongoing basis and, to date, has approved 13 additional category 2 services (9 English and 4 third language).

## A. Specialty, Pay & PPV services Listed by Launch Date

- The following tables list specialty, pay and PPV services by language and the year the service was launched. They also provide year-2000 revenues, PBIT and PBIT margins reported for each service.

### Table 14: English-language speciality services (Includes bilingual services (b))

| Launched | Service | Genre | | August 31, 2000 ( 000 ) # of Subscr. | | Total Revenue $ | PBIT $ | PBIT Margin |
|---|---|---|---|---|---|---|---|---|
| Sep-84 | - MuchMusic | Music Video - Rock/Altern./Rap | | 6,845 | | 37,793 | 9,305 | 25% |
| | - TSN - The Sport Ntwk | Sports | | 7,725 | | 165,426 | 38,074 | 23% |
| | | | *Average* | *7,285* | *2* | *101,610* | *23,689* | *23%* |
| | - YTV | Kids/Teens/Family | | 8,256 | | 73,903 | 22,291 | 30% |
| Sep-88 | - Weather/Météomédia *(b)* | Information - Weather | | 8,790 | | 32,191 | 5,950 | 18% |
| | - VisionTV | Religious (non-profit) | | 7,063 | | 14,527 | 481 | 3% |
| Jul-89 | - Newsworld | News & Information (non-profit) | | 8,549 | | 59,401 | 6,881 | 12% |
| | | | *Average* | *8,165* | *4* | *45,005* | *8,901* | *20%* |
| | - Showcase | Drama & Film | | 5,161 | | 28,787 | 10,907 | 38% |
| | - Bravo! | Perform. & Visual Arts | | 5,285 | | 22,307 | 6,197 | 28% |
| Jan-95 | - Discovery | Nature/Science & Tech. | | 6,626 | | 47,978 | 11,488 | 24% |
| | - WTN - Women TV. Ntwk. | Lifestyle - Women | | 5,948 | | 33,397 | 7,838 | 23% |
| | - CMT - Country Music TV | Music Video - Country | | 7,579 | | 12,968 | 2,441 | 19% |
| | - Life | Doc. & Information | | 5,351 | | 29,165 | 3,148 | 11% |
| | | | *Average* | *5,992* | *6* | *29,100* | *7,003* | *24%* |
| | - Space | Science Fiction | | 4,158 | | 23,827 | 9,813 | 41% |
| | - Teletoon *(b)* | Animated Programming | | 5,480 | | 42,108 | 15,927 | 38% |
| | - History Television | Information - History | | 4,447 | | 17,596 | 6,696 | 38% |
| | - HGTV | Lifestyle - House & Garden | | 4,283 | | 17,258 | 4,582 | 27% |
| Fall 97 | - Comedy Network | Comedy | | 4,079 | | 24,031 | 6,925 | 29% |
| | - Outdoor Life Network | Info - Adv./Outdoor/Recreat. | | 4,249 | | 8,311 | 1,847 | 22% |
| | - Prime TV | Lifestyle - 50+ | | 3,915 | | 14,176 | 1,804 | 13% |
| | - Newsnet | News - Headlines | | 6,433 | | 10,137 | ( 2,129) | -21% |
| | - The Score | Sports - Video Highlights | | 4,620 | | 10,701 | ( 5,935) | -55% |
| Mar-98 | - Cable Pulse 24 | News & Inf. - Reg. Ont. | | 2,295 | | 3,819 | ( 3,216) | -84% |
| | | | *Average* | *4,396* | *10* | *17,196* | *3,631* | *21%* |
| | - MuchMoreMusic | Music Video - Adult Contemp. | | 5,766 | | 7,558 | 2,638 | 35% |
| Fall 98 | - TreeHouse TV | Children | | 4,814 | | 7,767 | 1,892 | 24% |
| | - Sportsnet | Sports | | 6,643 | | 67,184 | ( 5,830) | -9% |
| | | | *Average* | *5,741* | *3* | *27,503* | *( 433)* | *-2%* |
| | - CLT - Cnd. Learning TV | Learning / Education | | 2,330 | | 3,981 | 1,174 | 29% |
| Fall 99 | - Star-TV | Entertainment Info | | 1,821 | | 4,820 | ( 380) | -8% |
| | - ROBTV - Report on Bus. | News - Business | | 3,239 | | 6,100 | ( 2,594) | -43% |
| | | | *Average* | *2,463* | *3* | *4,967* | *( 600)* | *-12%* |
| | **TOTAL - Specialty Services - English & Bilingual** | | | | **28** | **827,216** | **158,215** | **19%** |
| | | | *Average* | *5,420* | | *29,543* | *5,651* | |
| Fall 00 | - Food Network Canada | Lifestyle - Food | | *n/a* | | *n/a* | *n/a* | *n/a* |
| | - Talk-TV | Information - Talk | | *n/a* | | *n/a* | *n/a* | *n/a* |

*Source: CRTC Financial Database*

## Table 15: French-language speciality services

| Launched | Service | Genre | August 31, 2000 ( 000 ) # of Subscr. | | Total Revenue $ | PBIT $ | PBIT Margin |
|---|---|---|---|---|---|---|---|
| Sep-88 | - VRAK (Canal Famille) | Children / Family Progr. | 2,209 | | 15,398 | 5,498 | 36% |
| | - RDS | Sports | 2,503 | | 53,072 | 12,698 | 24% |
| | - MusiquePlus | Music Video | 2,139 | | 13,551 | 1,473 | 11% |
| | - TV5 | Cdn./ Intern. Franc. Progr. (Non-Profit) | 6,149 | | 14,214 | 20 | 0% |
| | - Météomédia/Weather *(b)* | Information - Weather | *n/a* | | *n/a* | *n/a* | *n/a* |
| | | *Average* | *3,250* | *4* | *24,059* | *4,922* | *20%* |
| Jan-95 | - Canal D | Doc / Films / Series / Perf. Arts | 1,881 | | 20,235 | 5,454 | 27% |
| | - RDI | News & Information (Non-Profit) | 7,736 | | 35,699 | 3,574 | 10% |
| | | *Average* | *4,808* | *2* | *27,967* | *4,514* | *16%* |
| Sep-97 | - LCN - Le Canal Nouvelles | News & Information | 1,603 | | 12,073 | 4,930 | 41% |
| | - Canal Vie | Lifestyle / Health | 1,670 | | 21,393 | 5,014 | 23% |
| | - Musimax | Music Video - All Forms | 1,593 | | 5,920 | 157 | 3% |
| | - Teletoon *(b)* | Animated Programming | *n/a* | | *n/a* | *n/a* | *n/a* |
| | | *Average* | *1,622* | *3* | *13,128* | *3,367* | *26%* |
| Jan-00 | - Séries+ (Canal Fiction) | Cdn. & Intern. Drama Progr., | 440 | | 1,000 | ( 1,009) | -101% |
| | - Canal Z | Science/Tech/Sc.Fiction | 440 | | 1,050 | ( 1,201) | -114% |
| | - Historia (Canal Histoire) | History | 440 | | 794 | ( 1,790) | -226% |
| | - Canal Évasion | Tourism / Adv. / Travel | 439 | | 1,167 | ( 3,153) | -270% |
| | | *Average* | *440* | *4* | *1,003* | *( 1,788)* | *-178%* |
| | **TOTAL - Specialty Services - French** | | | **13** | **195,566** | **31,664** | **16%** |
| | | *Average* | *2,249* | | *15,044* | *2,436* | |
| Fall 01 | - ARTV (Télé des arts) | Arts | *n/a* | | *n/a* | *n/a* | *n/a* |

*Source: CRTC Financial Database*

## Table 16: Ethnic specialty services

| Launched | Service | Language | August 31, 2000 ( 000 ) # of Subscr. | Total Revenue $ | PBIT $ | PBIT Margin |
|---|---|---|---|---|---|---|
| 1984 | - Telelatino | Italian / Hispanic | 2,939 | 10,670 | 3,854 | 36% |
| 1984 | - Fairchild TV | Chinese -Predominately Cantonese | 291 | 19,948 | 2,264 | 11% |
| 1992 | - Talentvision | Chinese -Predominately Mandarin | 15 | 2,106 | ( 319) | -15% |
| 1997 | - South Asian TV | South Asian - Principally Hindi | 22 | 1,003 | ( 75) | -8% |
| | **TOTAL - Specialty Services - Ethnic** | | **4** | **33,726** | **5,724** | **17%** |
| | | *Average* | | *8,432* | *1,431* | |
| 1999 | - Odyssey | Greek *(Approved 1996)* | *n/a* | *n/a* | *n/a* | *n/a* |

*Source: CRTC Financial Database*

## Table 17: English and French language pay & PPV services

| Launched | Name | Lang./Type | August 31, 2000 ( 000 ) # of Subscr. | Total Revenue $ | PBIT $ | PBIT Margin |
|---|---|---|---|---|---|---|
| 1983-4 | - The Movie Network (TMN-East) | e PAY | 611 | 54,785 | 10,114 | 18% |
| | - Superchannel (West) | e PAY | 411 | 34,081 | 5,764 | 17% |
| | - Super Écran | f PAY | 308 | 29,750 | 6,912 | 23% |
| 1988 | - Family Channel, The | f PAY | 3,991 | 33,604 | 7,130 | 21% |
| 1992 | - Viewers' Choice | e PPV | 544 | 10,756 | 876 | 8% |
| | - Home Theatre (HT) | e PPV | 233 | 7,564 | 2,315 | 31% |
| 1995 | - Moviepix (East) | e PAY | 938 | 11,168 | 4,766 | 43% |
| | - MovieMax! (West) | e PAY | 295 | 7,982 | 4,748 | 59% |
| 1997 | - Canal Indigo | f PPV | 312 | 4,285 | ( 443) | -10% |
| | - Canal Indigo | f DTH PPV | 70 | 729 | 257 | 35% |
| | - Viewers' Choice | e DTH PPV | 245 | 3,003 | 1,101 | 37% |
| | - Home Theatre / Viewer Choice | e DTH PPV | 163 | 3,614 | 1,027 | 28% |
| | ***Substotal (Services launched 1983 to 97)*** | | | ***201,321*** | ***44,567*** | ***22%*** |
| 2000 | - Bell ExpressVu | b DTH PPV | 564 | 12,348 | (18,303) | -148% |
| 2001 | - Bell ExpressVu | b PPV | n/a | n/a | n/a | n/a |
| | Total Pay & PPV Services - Eng & French | | | 213,669 | 26,264 | 12% |

*Source: CRTC Financial Database*

## B. Companies with significant ownership interest in specialty, pay, PPV and category 1 digital services

Table 18: (does not include category 2 digital services)

| Corporation | Service | L | Ownership Interest |
|---|---|---|---|
| BCE / Bell Globemedia Inc. | Specialty Services: | | |
| | Newsnet | e | 100% |
| | Talk TV | e | 100% |
| | The Sports Network (TSN) | e | 80% |
| | Le Réseau des Sports (RDS) | f | 80% |
| | The Comedy Network | e | 65% |
| | The Discovery Channel | e | 64% |
| | Canal Évasion | f | 50.1% |
| | Sportsnet (In Trust) (Note 1) | e | 40% |
| | Outdoor Life Network (OLN) | e | 33.3% |
| | History Television | e | 12% |
| | ARTV (formerly Télé des Arts) | f | 16% |
| | PPV Services: | | |
| | Bell ExpressVu – PPV / DTH PPV | b | 100% |
| | CTV Direct ( Sports/Specials) PPV / DTH PPV | e | 60% |
| | Viewer's Choice Canada Inc. PPV / DTH PPV | e | 19.96% |
| | Canal Indigo PPV / DTH PPV | f | 7.98% |
| | Category 1 Digital Services:: | | |
| | - Le Réseau Info Sports | f | 80% |
| | - WTSN | e | 80% |
| | - CTV Travel | e | 100% |
| | - Télé Ha!Ha! (Note 2 and 5) | f | 19.9% |
| | - LCN Affaires (Note 3 and 5) | f | 19.9% |
| TVA / Québecor | Specialty Services: | | |
| | Le Canal Nouvelles (LCN) | f | 100% |
| | Pulse 24 | e | 29.9% |
| | Canal Évasion | f | 10% |
| | PPV Services: | | |
| | Canal Indigo PPV / DTH PPV | f | 20% |
| | Category 1 Digital Services: | | |
| | - Télé Ha! Ha! (Note 2 & 3) | f | 60.2% |
| | - MenTV | e | 51% |
| | - LCN Affaires (Note 2 & 3) | f | 50.1% |
| | - Mystery (13th Street) (Note 2) | e | 45.05% |
| | - Mystère (13ieme rue) (Note 2 & 3) | f | 45.05% |
| CHUM Limited | Specialty Services: | | |
| | Bravo | e | 100% |
| | MuchMusic | e | 100% |
| | MuchMoreMusic | e | 100% |
| | SPACE | e | 100% |
| | Star-TV | e | 100% |
| | Pulse24 | e | 70% |
| | Canadian Learning Television (CLT) | e | 60% |
| | MusiquePlus | f | 50% |
| | MusiMAX | f | 50% |
| | Category 1 Digital Services: | | |
| | - FashionTelevision | e | 100% |
| | - BookTelevision | e | 60% |
| | - Perfecto, La chaine (Note 3) | f | 50% |
| CanWest Global | Specialty Services: | | |
| | Prime TV | e | 100% |
| | Category 1 Digital Services:: | | |
| | - MenTV | e | 49% |
| | - Mystery (13th Street) (Note 2) | e | 45.05% |
| | - Mystère (13ième rue) (Note 2 & 3) | f | 45.05% |

| Corporation | Service | L | Ownership Interest |
|---|---|---|---|
| CBC / SRC | Specialty Services: | | |
| | Newsworld | e | 100% |
| | RDI | f | 100% |
| | ARTV (Télé des Arts) | f | 37% |
| | Category 1 Digital Services: | | |
| | - Country Canada (Land & Sea) | e | 30% |
| | - Canadian Documentary Channel | e | 29% |
| Rogers Communications Inc. | Specialty Services: | | |
| | Outdoor Life Network | e | 33.3% |
| | Sportsnet (Note 1) | e | 29.99% |
| | Pay & PPV Services: | | |
| | Viewers Choice (PPV / DTH PPV) | e | 24.95% |
| | Canal Indigo (PPV / DTH PPV) | f | 9.98% |
| | Category 1 Digital Services: | | |
| | - Biography Channel | e | 40% |
| | - TechTV | e | 33.33% |
| | - Mystery (13th Street) (Note 2) | e | 9.9% |
| | - Mystère (13ieme rue) (Note 2 & 3)) | f | 9.9% |
| Corus Entertainment Inc. | Specialty Services: | | |
| | YTV | e | 100% |
| | TreeHouse | e | 100% |
| | CMT – Country Music TV | e | 90% |
| | Teletoon | b | 40% |
| | Telelatino (Ethnic Service) | o | 20% |
| | The Comedy Network | e | 14.95% |
| | Food Network Canada | e | 10% |
| | Pay & PPV Services: | | |
| | Super Channel (Pay) | e | 100% |
| | MovieMax (Pay) | e | 100% |
| | Home Theatre (PPV / DTH PPV) | e | 100% |
| | Category 1 Digital Services: | | |
| | - Country Canada (Land & Sea) | e | 70% |
| | - Canadian Documentary Channel | e | 53% |
| Astral | Specialty Services: | | |
| | VRAK (Canal Famille) | f | 100% |
| | Canal D | f | 100% |
| | Canal Vie | f | 100% |
| | Canal Z | f | 100% |
| | Historia (Canal Histoire) | f | 50% |
| | Séries+ (Canal Fiction) | f | 50% |
| | MusiquePlus | f | 50% |
| | MusiMAX | f | 50% |
| | Teletoon | b | 40% |
| | The Comedy Network | e | 14.95% |
| | Pay & PPV Services: | | |
| | MoviePIX (Pay) | e | 100% |
| | The Movie Network (Pay) | e | 100% |
| | Super Écran (Pay) | f | 100% |
| | Familly Channel (Pay) | e | 100% |
| | Viewers Choice PPV / DTH PPV | e | 50.1% |
| | Canal Indigo PPV / DTH PPV | f | 20.01% |
| | Category 1 Digital Services: | | |
| | - Perfecto, La chaine (Note 3) | f | 50% |

| Corporation | Service | L | Ownership Interest |
|---|---|---|---|
| Alliance Atlantis | Specialty Services: | | |
| Communications Inc. | Life | e | 100% |
| | Showcase | e | 100% |
| | History Television | e | 88% |
| | HGTV (House & Garden TV) | e | 80.24% |
| | Food Network Canada | e | 70.2% |
| | Séries+ (Canal Fiction) | f | 50% |
| | Historia (Canal Histoire) | f | 50% |
| | The Score | e | 39.91% |
| | Category 1 Digital Services: | | |
| | - Discovery Health Network (Health Network) | e | 80% |
| | - PrideVision | e | 39.91% |
| | - One: The Body, Mind & Spirit (Wisdom) | e | 29.9% |

Sources: CRTC Ownership and Industry Analysis Division and CRTC Decisions

Notes:
(1) Rogers Broadcasting Limited, filed an application with the Commission in July 2001, to acquire effective control of CTV Sportsnet.
(2) Ownership interest taken from Decisions CRTC 2000-467, 468 and 469.
(3) The implementation date has been extended to September 30, 2002 (Decisions CRTC 2001-526 and 528).

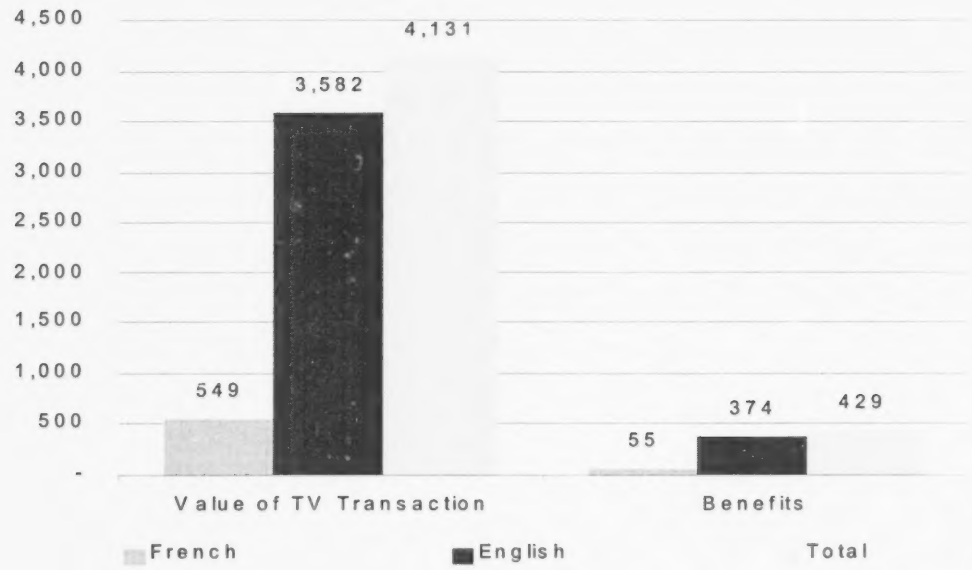
## VIII. Tangible benefits resulting from the transfers of ownership or control of television broadcasting undertakings

- In the June 11, 1999 policy framework for Canadian television, Public Notice CRTC 1999-97, the Commission amended its tangible benefits policy in respect of transfers of ownership or control involving television broadcasting undertakings. The June 1999 policy generally requires the applicant to make commitments to clear and unequivocal tangible benefits representing a financial contribution of 10% of the value of the transaction.

- In the period June 11, 1999 to July 31, 2001, there were 11 transfers of ownership or control of television broadcasting undertakings resulting in total tangible benefits in excess of $429 million.

Chart 30: Value of television transactions and corresponding transfer benefits

For the period June 11, 1999 to July 31, 2001
($000,000)



## IX. Ethnic Television Stations

- The Commission revised its ethnic broadcasting policy in Public Notice CRTC 1999-117.

### A. Over-the-air ethnic television stations

- There are two over-the-air ethnic television stations operating in Canada.
- In Public Notice CRTC 2001-32 the Commission issued a call for applications from interested parties wishing to obtain a broadcasting licence to provide an over-the-air ethnic television service to Vancouver. A public hearing is planned to commence October 15, 2001 in Vancouver to hear 2 competing applications.
- The following table outlines the languages of programming broadcast by each station. This information was provided by each station and reflects one week of broadcasting.

Table 19: Third language programming

| Hours per week | CJNT – TV Montreal | CFMT-TV Toronto | Total |
|---|---|---|---|
| Arabic | 7.0 | 0.5 | 7.5 |
| Armenian | | 0.5 | 0.5 |
| Chinese - Cantonese | 3.0 | 17.0 | 20.0 |
| Chinese - Mandarin | 3.0 | 2.0 | 5.0 |
| Creole | 3.0 | | 3.0 |
| Dutch | 3.0 | | 3.0 |
| German | | 0.5 | 0.5 |
| Greek | 6.0 | 3.0 | 9.0 |
| Hindi | 4.0 | | 4.0 |
| Italian | 14.0 | 14.0 | 28.0 |
| Japanese | | 1.0 | 1.0 |
| Korean | | 1.0 | 1.0 |
| Macedonian | | 0.5 | 0.5 |
| Maltese | | 1.0 | 1.0 |
| Persian - Farsi | 3.0 | 1.0 | 4.0 |
| Filipino – Tagalog | | 1.0 | 1.0 |
| Polish | 3.0 | 2.5 | 5.5 |
| Portuguese | 7.0 | 14.5 | 21.5 |
| Punjabi | 3.0 | | 3.0 |
| Romanian | 3.0 | | 3.0 |
| Russian | | 3.0 | 3.0 |
| Spanish | 7.0 | 1.0 | 8.0 |
| Tamil | | 1.0 | 1.0 |
| Ukrainian | | 3.0 | 3.0 |
| Vietnamese | 6.0 | 0.5 | 6.5 |
| Total | 75.0 | 68.5 | 143.5 |

*Source: CJNT-TV Forecast for September 2001; CFMT-TV April 30 - May 7, 2001*

## B. Ethnic Specialty Services

- There are currently five Canadian ethnic specialty services offering programming in a variety of languages:

- **Fairchild TV**, a national specialty service, offers programming predominantly in the Cantonese language, complemented by Mandarin. The service is distributed either on a stand-alone basis or as part of a package with other discretionary services, and is available to subscribers for a fee in addition to the basic monthly fee.

- **Talentvision**, a national specialty service, provides programming predominantly in Mandarin, complemented by some programming in the Vietnamese and Korean languages. The service is distributed either on a stand-alone basis or as part of a package with other discretionary services, and is available to subscribers for a fee in addition to the basic monthly fee.

- **SATV**, a national specialty service, serves South Asian communities in 15 South Asian languages, principally Hindi, supplemented by programming in English. The service is provided exclusively as a discretionary service.

- **Odyssey**, a national specialty service, provides predominantly Greek language programming. The service is provided exclusively as a discretionary service.

- **Telelatino**, a national specialty service, provides programs directed to Italian and Hispanic/Spanish audiences. The service is available on a discretionary basis for a fee in addition to the basic monthly fee.

- The Commission has authorised 44 ethnic category 2 specialty and pay services in a variety of languages.

## I. Promoting Effective Competition

- Prior to 1995, cable television undertakings enjoyed a virtual monopoly within the broadcasting distribution undertaking (BDU) marketplace.

- With Public Notice CRTC 1995-183, the CRTC took its first official step towards removing competitive restrictions in the BDU marketplace.

- The Commission continued to develop its policies promoting competition among BDUs with Public Notices 1997-25, 1997-84, 1997-150 and its Broadcasting Distribution Regulations, which came into effect January 1, 1998. Since that time the BDU industry has been experiencing a fundamental shift towards increased competition.

### All Subscribers across Canada

NUMBER OF BASIC SUBSCRIBERS AND MARKET SHARE (%)

| DISTRIBUTION TYPE | 1997 | | 1998 | | 1999 | | 2000 | |
|---|---|---|---|---|---|---|---|---|
| | Basic Subscribers | Market Share | Basic Subscribers | Market Share | Basic Subscribers | Market Share | Basic Subscribers | Market Share |
| Class 1 | 6,801,227 | 85.6 | 6,866,793 | 83.5 | 6,925,540 | 80.7 | 6,951,259 | 77.5 |
| Class 2 | 402,390 | 5.1 | 411,595 | 5.0 | 373,160 | 4.3 | 369,475 | 4.1 |
| Class 3 | 729,695 | 9.2 | 711,752 | 8.7 | 727,665 | 8.5 | 683,401 | 7.6 |
| Sub-total Cable | 7,933,312 | 99.9 | 7,990,140 | 97.2 | 8,026,365 | 93.5 | 8,004,135 | 89.2 |
| MDS | 3,912 | 0.0 | 10,894 | 0.1 | 31,489 | 0.4 | 83,801 | 0.9 |
| DTH | N/A | N/A | 216,111 | 2.6 | 519,376 | 6.1 | 880,092 | 9.8 |
| STV | 5,573 | 0.1 | 4,848 | 0.1 | 3,882 | 0.0 | 2,546 | 0.0 |
| **Total** | **7,942,797** | **100** | **8,221,993** | **100** | **8,581,112** | **100** | **8,970,574** | **100** |

Source: CRTC Financial Database

- Table 1 reveals that the BDU industry has enjoyed stable overall growth since 1997, with particularly strong growth in 2000, with about 390,000 new subscribers.

- As shown in the table above, the growth in new Class 1 subscribers is declining with an increase of 25,719 subscribers in 2000, compared to 58,747 in 1999 and 65,566 in 1998. Class 1 BDUs continue to maintain the bulk of subscriber market share, although it is decreasing. Class 1 market share has fallen by approximately 8% since the introduction of direct-to-home (DTH) and Multipoint Distribution Systems (MDS).

- The approximate 9 million subscribers to the basic service in Canada represent nearly 80% of all Canadian private households, (total households from Statistics Canada's 1996 Census).

- The DTH industry accounted for approximately 70% of the increase in total subscriptions in 2000. The market share for DTH services grew by 3.7% in 2000 for a share of 9.8%. DTH growth is coming from all existing cable classes and new subscribers in areas that do not have access to cable service.

- STV or subscription television undertakings prov over-the-air television service to small (rural or remote) communities in underser d areas. These undertakings broadcast their signals in an encoded or scrambled mode by means of low-power (about 20 watts) transmitters.

- The following table presents the breakdown of cable subscribers by province. MDS and DTH operators have licences extending over several regions and provinces, they do not report a provincial breakdown to the Commission.

Table 2 Cable Subscribers by Regions - Provinces

NUMBER OF BASIC SUBSCRIBERS AND MARKET SHARE (%)

| | 1997 | | 1998 | | 1999 | | 2000 | |
|---|---|---|---|---|---|---|---|---|
| | Basic Subscribers | Market Share | Basic Subscribers | Market Share | Basic Subscribers | Market Share | Basic Subscribers | Market Share |
| **Atlantic** | **617,553** | **7.8** | **616,892** | **7.7** | **627,178** | **7.8** | **648,518** | **8.1** |
| Nfld. & P.E.I. | 173,221 | 2.2 | 163,314 | 2.0 | 176,899 | 2.2 | 213,532 | 2.7 |
| N.B. & N.S. | 444,332 | 5.6 | 453,578 | 5.7 | 450,279 | 5.6 | 434,986 | 5.4 |
| **Quebec** | **1,920,985** | **24.2** | **1,939,722** | **24.3** | **1,976,890** | **24.6** | **1,960,961** | **24.5** |
| **Ontario** | **3,017,043** | **38.0** | **3,031,215** | **37.9** | **3,011,333** | **37.5** | **3,002,009** | **37.5** |
| **Prairies** | **1,187,634** | **15.0** | **1,218,153** | **15.2** | **1,225,212** | **15.3** | **1,212,550** | **15.1** |
| Manitoba | 283,056 | 3.6 | 278,942 | 3.5 | 278,881 | 3.5 | 276,063 | 3.4 |
| Saskatchewan | 208,200 | 2.6 | 211,007 | 2.6 | 210,949 | 2.6 | 206,196 | 2.6 |
| Alberta | 696,378 | 8.8 | 728,204 | 9.1 | 735,382 | 9.2 | 730,291 | 9.1 |
| **B.C. & Territories** | **1,196,186** | **15.1** | **1,189,006** | **14.9** | **1,182,689** | **14.7** | **1,182,643** | **14.8** |
| B.C. | 1,179,915 | 14.9 | 1,172,903 | 14.7 | 1,182,689 | 14.7 | 1,168,861 | 14.6 |
| **Total** | **7,939,401** | **100** | **7,994,988** | **100** | **8,023,302** | **100** | **8,006,681** | **100** |

Source: CRTC Financial Database

- With the introduction of the Broadcasting Distribution Regulations in 1998, the Commission introduced a process allowing for deregulation of basic rates of Class 1 distribution systems. (New entrants are not rate regulated, nor are Class 2 and Class 3 systems.)

- Class 1 systems can qualify for rate deregulation if they meet a two-pronged test: 1) if a licensed competitor is accessible to 30% of households in the incumbent's service

area, (which is currently deemed to exist through DTH services) and b) if the cable incumbent can demonstrate that it has lost 5% or more of its basic subscribers since the competition entered its service area.

- Based on the Commission's financial database, about 10 Class 1 systems appear to have lost more than 5% of their basic subscribers between September 1, 1997 and August 31, 2000. Applications for rate deregulation submitted by Rogers Communications, for its St.Thomas and Woodstock systems, and Regional Cablesystems, for its Sudbury and Timmins systems, have recently been approved by the Commission.

## II. Promoting contributions to Canadian programming and local expression

- The 1998 BDU regulations require that all Class 1 and Class 2 terrestrial distribution undertakings, as well as all DTH and MDS distribution undertakings, contribute a minimum of 5% of gross annual revenues derived from broadcasting activities to the creation and presentation of Canadian programming.

Contributions to Programming Funds

| CONTRIBUTIONS TO PROGRAMMING FUNDS ($ 000s) | | | | | | | |
|---|---|---|---|---|---|---|---|
| CLASS AND SUBSCRIBER LEVEL | 1997 | 1998 | | 1999 | | 2000 | |
| | | CTF | Others | CTF | Others | CTF | Others |
| Class 1 > 20k | 42,831 | 50,753 | 3,353 | 60,786 | 6,463 | 66,206 | 7,715 |
| Class 1 < 20k | 3,179 | 3,975 | 217 | 4,569 | 486 | 4,559 | 512 |
| Class 2 | 20 | 35 | 0 | 128 | 0 | 114 | 0 |
| MDS | | | | 375 | 38 | 1,172 | 36 |
| DTH | | 1,711 | 250 | 5,784 | 598 | 14,127 | 3,410 |
| Total | 46,030 | 56,474 | 3,820 | 71,642 | 7,585 | 86,178 | 11,673 |

Source: CRTC Financial Database

- The BDU regulations require that a minimum of 80% of the required contribution must be directed to the Canadian Television Fund (CTF) and up to 20% to one or more independently-administered production funds, other than the CTF, provided that the funds meet the criteria specified in Public Notice CRTC 1997-98.

## Community Channel Expenses

| | TOTAL COMMUNITY CHANNEL EXPENSES ($000) | | | |
|---|---|---|---|---|
| CLASS AND SUBSCRIBER LEVEL | 1997 | 1998 | 1999 | 2000 |
| Class 1 > 20k | 62,166 | 54,971 | 54,879 | 58,540 |
| Class 1 < 20k | 10,838 | 11,585 | 12,579 | 13,169 |
| Class 2 | 5,083 | 6,522 | 6,795 | 8,021 |
| Total | 78,087 | 73,078 | 74,253 | 79,730 |

Source: CRTC Financial Database

- Public Notice CRTC 1997-25 introduced flexibility for cable licensees in regard to the manner in which they contribute to Canadian programming and local expression, formerly required through investment in a community channel.
- Large Class 1 cable distributors have decreased their community channel expenses since the introduction of the 1998 BDU regulations. Small Class 1 and Class 2 operators have increased spending on the community channel since the introduction of the new BDU Regulations in 1998.
- The Commission is currently reviewing its policy approach to the community channel (Public Notice CRTC 2001-19).

## Cable Systems Contributing to Community Channels

| | NUMBER OF CABLE SYSTEMS CONTRIBUTING TO COMMUNITY CHANNELS | | | |
|---|---|---|---|---|
| CLASS AND SUBSCRIBER LEVEL | 1997 | 1998 | 1999 | 2000 |
| Class 1 > 20k | 69 | 69 | 68 | 72 |
| Class 1 < 20k | 69 | 70 | 71 | 74 |
| Class 2 | 100 | 99 | 101 | 99 |

Source: CRTC Financial Database

- The 1998 BDU regulations do not require licensees to operate a community channel.
- The table above outlines the number of class 1 and class 2 cable undertakings that have reported community channel expenses between 1997 and 2000. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than 1 undertaking.

- There does not appear to have been any significant change in the number of systems operating a community channel since the introduction of the 1998 regulations.

## III. Affordability of Basic Service Rates

- The following table presents the average basic service monthly rates for the last four years for cable. The basic service rates are regulated for only Class 1 cable systems.

Average Cable Basic Service Monthly Rates ($)

| DISTRIBUTION TYPE | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| Class 1 | 18.70 | 18.51 | 19.02 | 19.50 |
| Class 2 | 20.80 | 20.88 | 21.64 | 21.78 |
| Class 3 | 25.32 | 25.52 | 24.01 | 24.23 |
| STV | 23.10 | 24.28 | 25.16 | 25.02 |
| Average | 19.38 | 19.29 | 19.60 | 20.00 |

Source: CRTC Financial Database

- The average rates are calculated from the rates noted in the annual returns provided by the distributors and are weighted to account for subscriber numbers.

- Since 1998, rate increases for Class 1 systems have been limited to approved pass-through rate increases for specialty services and the addition of new specialty services on basic.

- The basic rate of Class 2 systems has increased at an average annual rate of 1.5% since 1997 and the basic rate of Class 3 systems has decreased by 4% since 1997. The changes to the basic rates of Class 2 and 3 systems since 1997 likely reflect the introduction of competition.

Cable - Average Class 1 Basic Service Monthly Rates
by Province

| Province | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| Newfoundland | 19.26 | 19.26 | 19.74 | 19.82 |
| P.E.I. | 19.95 | 19.95 | 20.29 | 20.72 |
| N.S. | 15.75 | 15.99 | 14.60 | 16.54 |
| N.B. | 17.66 | 18.02 | 19.23 | 19.10 |
| Quebec | 22.62 | 21.24 | 21.32 | 21.64 |
| Ontario | 18.16 | 18.36 | 18.95 | 19.48 |
| Manitoba | 13.22 | 13.34 | 14.62 | 14.92 |
| Saskatchewan | 17.11 | 17.45 | 17.89 | 18.39 |
| Alberta | 16.50 | 16.68 | 17.57 | 18.54 |
| B.C. | 17.08 | 17.22 | 17.98 | 18.38 |

Source: CRTC Financial Database

- The monthly basic service rates in Quebec have historically been higher than the rates in other provinces due to a) the lower penetration levels for cable services in Quebec (67% in 2000 as compared to Canadian average of 73%) and b) the carriage of more specialty services as part of the basic tier.

## IV. Promoting a Financially Strong Sector

Total Revenues

| | TOTAL REVENUES ($ 000s) | | | |
|---|---|---|---|---|
| DISTRIBUTION TYPE | 1997 | 1998 | 1999 | 2000 |
| Class 1 | 2,370,384 | 2,592,162 | 2,875,841 | 3,154,361 |
| Class 2 | 142,571 | 151,560 | 149,736 | 154,516 |
| Class 3 | 262,498 | 270,525 | 276,484 | 273,248 |
| MDS | 1,414 | 4,525 | 11,314 | 29,837 |
| DTH | N/A | 38,570 | 154,270 | 358,862 |
| STV | 1,683 | 1,626 | 1,574 | 1,033 |
| **Total** | **2,778,550** | **3,058,968** | **3,469,219** | **3,971,857** |
| **Class 1 Breakdown Between Basic and Non-Basic** | | | | |
| Basic | 1,625,349 | 1,653,312 | 1,681,605 | 1,709,989 |
| Non-Basic | 745,035 | 938,850 | 1,194,236 | 1,444,372 |

Source: CRTC Financial Database

- The BDU industry as a whole has been enjoying strong growth. In 2000, total revenues increased by over $500 million. Class 1 BDUs realized revenue growth in 2000 of almost 10% over 1999.

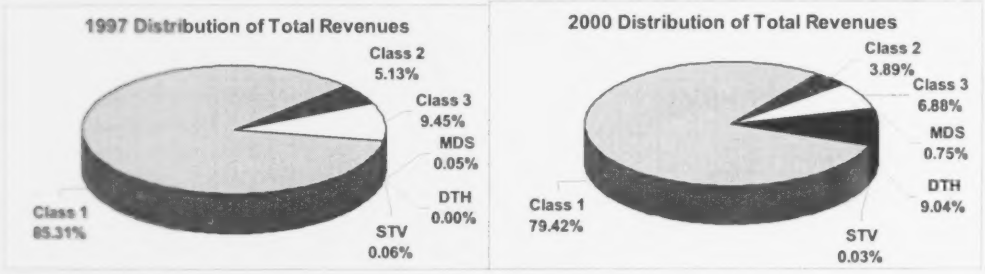
- The growth in Class 1 revenues since 1997 has been almost entirely related to non-basic services. Since 1997, non-basic revenues have grown by nearly 94%, as compared to slightly over 5% for basic revenues. Non-basic revenues contributed 46% of total Class 1 revenues in 2000.

- MDS providers reported strong growth in 2000, with a revenue increase of approximately 164% over 1999.

- DTH providers reported increased revenues of almost 133% in 2000.

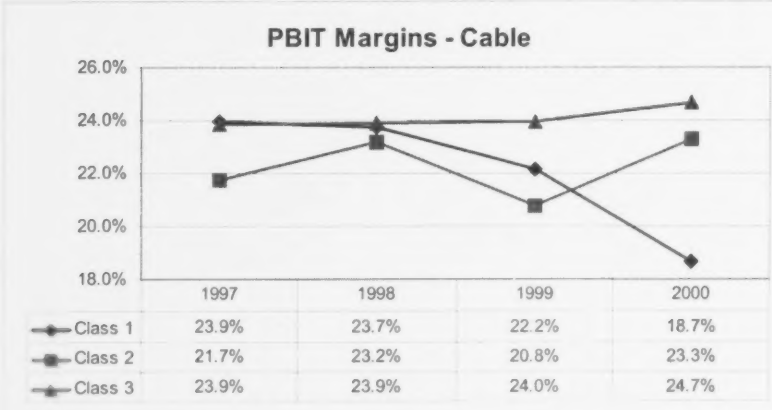
- The charts below illustrate the changes in the share of total BDU revenues from 1997 to 2000.

Chart 1: Distribution of Total Revenues




Source: CRTC Financial Database, July 2001

Chart 2: Profit before Interest and Taxes Margins



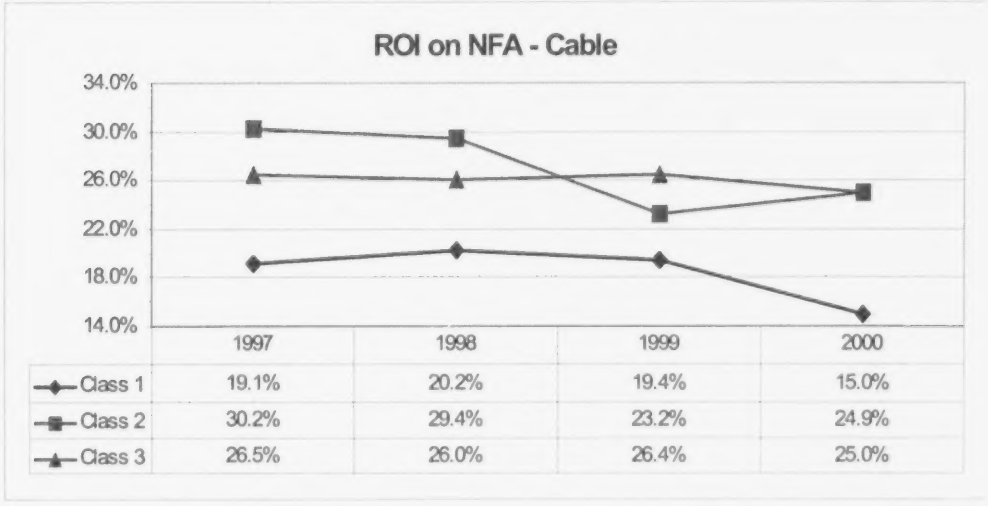

| | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| Class 1 | 23.9% | 23.7% | 22.2% | 18.7% |
| Class 2 | 21.7% | 23.2% | 20.8% | 23.3% |
| Class 3 | 23.9% | 23.9% | 24.0% | 24.7% |

Source: CRTC Financial Database, July 2001

- The table above shows the PBIT margins for Class 1, 2 and 3 systems based on the reported results from all services (basic and non-basic).

- The PBIT margins for Class 2 and 3 cable systems remained within the 20-25% range between 1997-2000. The PBIT margin for Class 1 cable systems has decreased below 19% in 2000 due to higher affiliation payments and technical expenses on discretionary services, and increased depreciation expenses due to significant increases in fixed assets investment.

Chart 3: Return on Investment on Average Net Fixed Assets




| | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| Class 1 | 19.1% | 20.2% | 19.4% | 15.0% |
| Class 2 | 30.2% | 29.4% | 23.2% | 24.9% |
| Class 3 | 26.5% | 26.0% | 26.4% | 25.0% |

Source: CRTC Financial Database, July 2001

- The decrease in the ROI on Net Fixed Assets for all cable Class providers in 1999 and/or 2000 is a result of the significant capital expenditures incurred by cable providers to upgrade their systems to roll out digital services.

## V. Concentration / Vertical Integration

### Top 5 Cable Distributors by Total Basic Subscribers

| CORPORATIONS: BY RANK | 2000 Subscribers | 2000 National Share |
|---|---|---|
| Rogers Communications Inc. | 2,222,137 | 28% |
| Shaw Cablesystems Ltd. – cable | 1,803,763 | 23% |
| Vidéotron Ltée. | 1,551,877 | 19% |
| Cogeco Inc. | 833,138 | 10% |
| Moffat Communications | 314,063 | 4% |

Sources: CRTC Internal Report 'Ownership August 2000' and CRTC Financial Database

- As per Decision CRTC 2001-186, dated 23 March 2001, the CRTC has approved the transfer of effective control of Moffat Communications to Shaw Communications.

- In Public Notice CRTC 2001-66, the Commission amended its policy with respect to cable ownership of analog pay and specialty programming services. The Commission decided, as a matter of broadcasting policy, to allow cable companies to purchase controlling interests in Canadian analog pay and specialty services.

### Ownership of pay & specialty services by top six distributors

| Corporation | Service Type | Service | Number of Subscribers (Year 2000) | Percentage of ownership |
|---|---|---|---|---|
| Rogers | Specialty | Sports Net (Note 1) | 6,642,916 | 29.99% |
| | | Outdoor Life Network | 4,248,903 | 33.30% |
| | PPV | Viewer's Choice DTH PPV | [illegible],000 | 24.95% |
| | | Viewer's Choice PPV | 544,000 | 24.95% |
| | | Canal Indigo DTH PPV | 69,728 | 9.98% |
| | | Canal Indigo PPV | 312,000 | 9.98% |
| | Digital Category 1 | Mystery (13th Street ) | N/A | 9.90% |
| | | The Biography Channel | N/A | 40.00% |
| | | TechTV Canada | N/A | 33.33% |
| | | Mystère (13ième Rue) | N/A | 9.90% |

| Corporation | Service Type | Service | Number of Subscribers (Year 2000) | Percentage of ownership |
|---|---|---|---|---|
| Shaw | Specialty | CMT (Country) | 7,578,872 | 90.00% |
| | | The Comedy Network (TCN) | 4,079,027 | 14.95% |
| | | Telelatino (Ethnic Service) | 2,938,835 | 20.00% |
| | | TELETOON | 5,479,763 | 40.00% |
| | | TreeHouse | 4,813,676 | 100.00% |
| | | YTV Canada | 8,255,990 | 100.00% |
| | | Food Network | N/A | 10.00% |
| | Pay & PPV | SuperChannel | 410,679 | 100.00% |
| | | MovieMax! | 295,347 | 100.00% |
| | | Home Theatre – PPV | 232,942 | 100.00% |
| | | Star Choice DTH PPV | 163,098 | 100.00% |
| | Digital Category 1 | The Biography Channel | N/A | 40.00% |
| | | The Canadian Documentary Channel | N/A | 53.00% |
| | | Country Canada (Land & Sea) | N/A | 70.00% |
| | | TechTV Canada | N/A | 33.33% |
| Quebecor | Specialty | Pulse 24 | 2,295,323 | 29.90% |
| | | Le Canal Nouvelles (LCN) | 1,603,334 | 100.00% |
| | | Canal Évasion | 439,142 | 10.00% |
| | PPV | Canal Indigo DTH PPV | 69,728 | 20.00% |
| | | Canal Indigo PPV | 312,000 | 20.00% |
| | Digital Category 1 | Mystery (13th Street ) | N/A | 45.05% |
| | | MenTV | N/A | 51.00% |
| | | Mystère (13ième Rue) | N/A | 45.05% |
| | | LCN Affaires | N/A | 50.10% |
| | | Télé Ha! Ha! | N/A | 60.20% |
| Cogeco | PPV | Canal Indigo DTH PPV | 69,728 | 20.00% |
| | | Canal Indigo PPV | 312,000 | 20.00% |
| | Digital Category 1 | i Channel | N/A | 49.00% |
| BCE | Specialty | NewsNet | 6,433,376 | 100.00% |
| | | Sports Net (Note 1) | 6,642,916 | 40.00% |
| | | The Discovery Channel | 6,625,680 | 64.00% |
| | | Canal Évasion | 439,142 | 50.10% |
| | | Outdoor Life Network | 4,248,903 | 33.30% |
| | | Réseau Des Sports (RDS) | 2,502,538 | 80.00% |
| | | The Comedy Network (TCN) | 4,079,027 | 65.00% |
| | | The Sports Network (TSN) | 7,724,961 | 80.00% |
| | | History Television (H&E) | 4,446,864 | 12.00% |
| | | Talk TV | N/A | 100.00% |
| | | ARTV (Télé des Arts) | N/A | 16.00% |
| | PPV | Bell – DTH PPV | 563,529 | 100.00% |
| | | Bell – PPV | N/A | 100.00% |
| | | CTV Direct (Sports/Specials) DTH PPV / PPV | N/A | 60.00% |
| | | Viewer's Choice DTH PPV | 245,000 | 19.96% |
| | | Viewer's Choice PPV | 544,000 | 19.96% |
| | | Canal Indigo DTH PPV | 69,728 | 7.98% |
| | | Canal Indigo PPV | 312,000 | 7.98% |
| | Digital Category 1 | CTV Travel | N/A | 100.00% |
| | | WTSN (Note 2) | N/A | 80.00% |
| | | LCN Affaires | N/A | 19.90% |
| | | Réseau Info Sports (RIS) | N/A | 80.00% |
| | | Télé Ha! Ha! | N/A | 19.90% |
| Moffat (Shaw) | Specialty | Lifestyle Television (WTN) (Note 3) | 5,947,644 | 100.00% |

Source: CRTC Ownership and Industry Analysis Divisions, CRTC Decisions 2000-449 to 2000-469 (Digital Category 1 services), and CRTC Financial Database

Notes:
1. In July 2001, an application was submitted by Rogers Broadcasting Limited to acquire the effective control of CTV Sports Net Inc.
2. Women Television Sports Network (WTSN) is owned through TSN
3. Currently owned (in trust) by Shaw Communications Inc.
4. Digital Category 2 servcices are not included.

## VI. Promoting Digital Technology

### Current Estimates

#### Number of Digital Subscribers - May-August 2001

| | NUMBER OF DIGITAL SUBSCRIBERS AND SHARE (%) | | | | | |
|---|---|---|---|---|---|---|
| DISTRIBUTION TYPE | English | | French | | Total | |
| Digital Cable | 611,087 | 33% | 123,565 | 30% | 734,652 | 32% |
| DTH | 1,190,971 | 64% | 251,833 | 61% | 1,442,804 | 64% |
| MDS | 54,400 | 3% | 35,135 | 9% | 89,535 | 4% |
| Total | 1,856,458 | 100% | 410,533 | 100% | 2,266,991 | 100% |

Source: Cable, DTH and MDS Industry information releases, May-August 2001

- DTH providers are currently leading the way among digital service providers, with an estimated total market share of 64% of subscribers. Digital cable providers have a 32% share, and MDS providers have 4%.

- According to information from the CCTA's 2000-2001 Annual Report, digital cable services are currently available to approximately 93% of cable TV subscribers.

## VII. Distribution of Specialty Services in the Official Language of the Minority

- As of September 1, 2001, cable systems were required to add certain services in the official language of the minority as per the obligations stipulated in Public Notice CRTC 2001-26. The table below provides some statistics on existing Class 1 cable systems with a nominal bandwidth of 750 MHz or higher and Class 1 systems with less than 750 MHz.

## Number of Systems and Subscribers

| | English Markets | | French Markets | |
|---|---|---|---|---|
| Distribution Type | Number of Systems | Number of subscribers | Number of Systems | Number of subscribers |
| Class 1 >20,000 Subscribers: | | | | |
| Bandwidth of 750 MHz or higher | 5 | 421,812 | 5 | 967,811 |
| Bandwidth of less than 750 MHz | 50 | 3,984,369 | 6 | 327,318 |

Source: CRTC Cable Capacity Reports of April 30, 2001

Note: The current Cable Capacity Reports only provide information for Class 1 Cable systems with over 20,000 subscribers. The Commission is revising its annual returns to include cable capacity statistics.

- The new policy requires that all Class 1 and Class 2 cable distributors using high-capacity digital technology (750 MHz nominal or more) offer all Canadian English- and French-language specialty services and at least one pay television service in each language except Category 2 digital specialty services and pay-per-view television services.

- All Class 1 and Class 2 cable distributors using lower-capacity digital technology (less than 750 MHz nominal) are required to offer at least one Canadian specialty service in the official language of the minority in either analog or digital mode for every 10 (Canadian or non-Canadian) programming services distributed in the official language of the majority.

- All Class 3 cable distributors using medium-capacity or high-capacity digital technology (550 MHz or more) are required to distribute at least one Canadian specialty service in the official language of the minority for every 10 (Canadian or non-Canadian) programming services distributed in the official language of the majority. Furthermore, a Class 3 system which is fully interconnected to another system will be required to provide the same number of Canadian services in the official language of the minority as the system to which it is interconnected, unless it does not have the technical capacity to do so in spite of the interconnection.

# Internet

## I. Internet Use

### A. Canada and the Internet

The longest running Internet host survey is conducted every six months by the Internet Software Consortium (ISC), most recently in January 2001. For the purposes of the survey, the ISC defines a host as a domain name that has an IP address record associated with it. This would be any computer system connected to the Internet, i.e. www.crtc.gc.ca. The results of this survey are as follows:

Table 1: The 12 Most Used Top-Level Domain Names, by 2001 Ranking

| domain Name | number of hosts | | hosts / 1,000 inhabitants | |
|---|---|---|---|---|
| | Jan. 2000 | Jan. 2001 | Jan. 2000 | Jan. 2001 |
| .com (generic) | 24,863,331 | 36,352,243 | - | - |
| .net (generic) | 16,853,655 | 30,885,116 | - | - |
| .edu (generic) | 6,085,137 | 7,106,062 | - | - |
| .jp (Japan) | 2,636,541 | 4,764,838 | 20.8 | 37.6 |
| .ca (Canada) | 1,669,664 | 2,364,014 | 53.6 | 75.9 |
| .uk (United Kingdom) | 1,901,812 | 2,291,369 | 32.3 | 38.9 |
| .us (United States) | 1,875,663 | 2,267,089 | 6.7 | 8.1 |
| .de (Germany) | 1,702,486 | 2,163,326 | 20.7 | 26.3 |
| .mil (generic) | 1,751,866 | 1,844,369 | - | - |
| .it (Italy) | 658,307 | 1,630,526 | 11.5 | 28.5 |
| .au (Australia) | 1,090,468 | 1,615,939 | 57.7 | 85.6 |
| .nl (Netherlands) | 820,944 | 1,309,911 | 52.0 | 83.0 |
| Internet Total | 72,398,092 | 109,574,429 | - | - |

Note: The majority of generic domain names are used by U.S. hosts.
Sources: ISC Internet Domain Survey, January, 2001.
United Nations Population Division.

- Top-level domain names come in two forms, those that have been assigned to particular countries (i.e. .ca for Canada, .fr for France) and generic names which are not country-specific (i.e. .com, .net). Canadian web sites can, and many do, use a generic top-level domain name instead of .ca. Nevertheless, a country specific top-level domain name is one of the best means available to estimate a country's Internet presence.

- In November 2000 the Canadian Internet Registration Authority (CIRA) became the administrative authority for the .ca domain registry. CIRA has set out Canadian presence requirements for those wishing to register for a .ca domain name. Those who can apply are Canadian citizens, permanent residents or their legal representatives; federal, provincial, or territorial corporations, organizations, and

institutions; and owners of a registration under the Trade-marks Act of Canada or persons protected by that Act.[1]

- The January 2001 survey counted 109,574,429 hosts over the entire Internet, of which 2,364,014 (2.2%) used a .ca top-level domain name.

- The second most popular country domain name is Canada's .ca, ranking Canada as one of the most Internet-developed countries in the world.

## B. Computer Ownership by Canadian Households

### Table 2: PC Ownership Rates of Canadian Households

| | 1997 | 1998 | | 1999 | | 2000 | | 2001 |
|---|---|---|---|---|---|---|---|---|
| | Dec | Jun | Dec | Jun | Dec | Jun | Dec | Mar |
| Household PC Ownership Rate | 46% | 49% | 51% | 52% | 52% | 57% | 58% | 63% |

Source: Cyber Trends, ComQUEST Research Inc.

- Income was a determining factor in computer ownership. In March 2001, 88% of households with an income of over $80,000 owned computers while 37% of households with an income of under $20,000 owned computers.

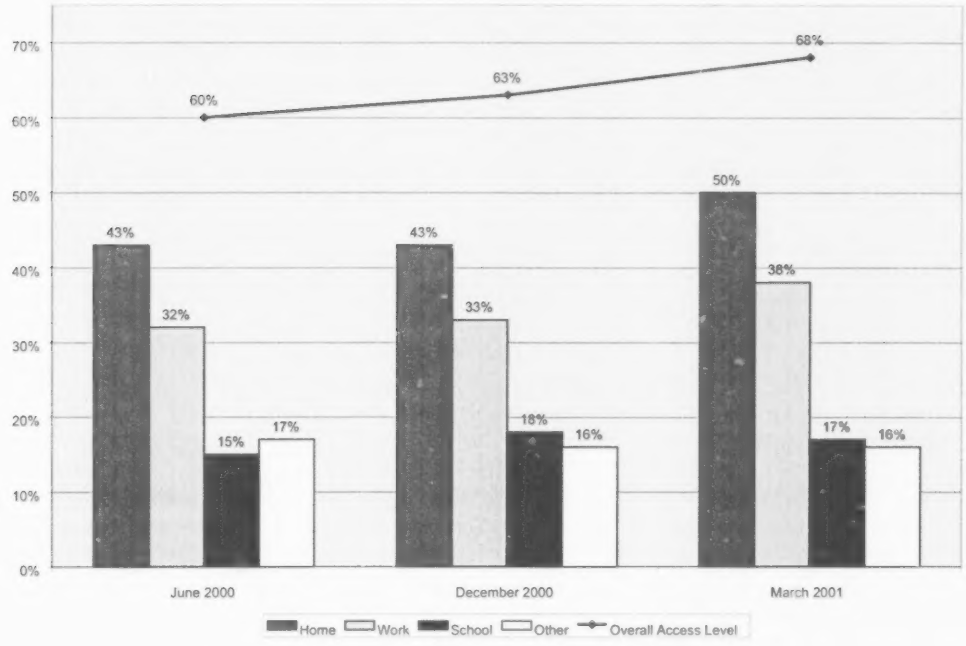
- In March 2000, only 26% of households with an income of under $20,000 owned computers.

- By March of 2001, over a quarter (27%) of all households reported owning more than one computer.

[1] CIRA web site, August 2001. "Canadian Presence Requirements for Registrants".

## i. Internet Access by Location

Chart 1: Internet Access by Location




Source: Cyber Trends, ComQUEST Research Inc.

- Access to the Internet from home, work, school or elsewhere continues to rise, with 68% of Canadians having access to the Internet from one or more of these locations as of March 2001.

## ii. Internet Access in Canadian Households

Table 3: Internet Access by Household Income (%)

| | Home | | Work | | School | | Overall | |
|---|---|---|---|---|---|---|---|---|
| Income ($ 000) | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 |
| < 20 | 14 | 22 | 7 | 15 | 14 | 17 | 29 | 44 |
| 20-40 | 31 | 36 | 22 | 26 | 10 | 13 | 50 | 56 |
| 40-60 | 48 | 55 | 36 | 41 | 16 | 15 | 71 | 77 |
| 60-80 | 64 | 67 | 48 | 52 | 16 | 13 | 79 | 81 |
| 80 < | 73 | 81 | 66 | 70 | 20 | 25 | 88 | 93 |
| All | 43 | 50 | 32 | 38 | 15 | 17 | 60 | 68 |

Source: Cyber Trends, ComQUEST Research Inc.

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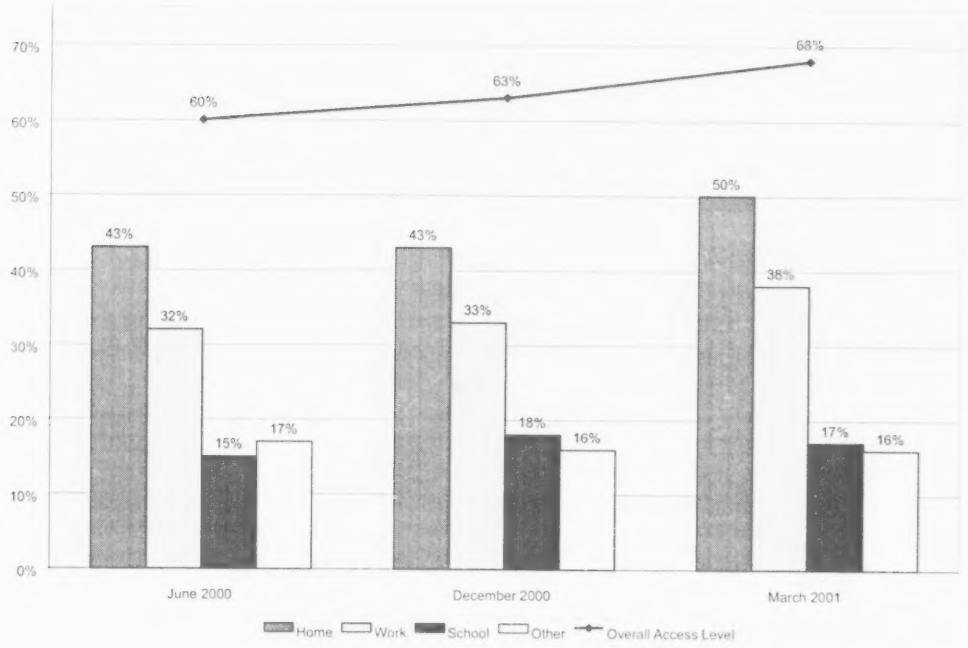


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| Income ($ 000) | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 |
| < 20 | 14 | 22 | 7 | 15 | 14 | 17 | 29 | 44 |
| 20-40 | 31 | 36 | 22 | 26 | 10 | 13 | 50 | 56 |
| 40-60 | 48 | 55 | 36 | 41 | 16 | 15 | 71 | 77 |
| 60-80 | 64 | 67 | 48 | 52 | 16 | 13 | 79 | 81 |
| 80 < | 73 | 81 | 66 | 70 | 20 | 25 | 88 | 93 |
| All | 43 | 50 | 32 | 38 | 15 | 17 | 60 | 68 |

Source: Cyber Trends, ComQUEST Research Inc.

- As with computer ownership, in March 2001 the lower income groups were the least likely to have access to the Internet. Lower income groups are nevertheless demonstrating the fastest growth in Internet access.

Table 4 Internet Access by Education (%)

| | Home | | Work | | School | | Overall | |
|---|---|---|---|---|---|---|---|---|
| Education | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 |
| < High School | 10 | 22 | 5 | 8 | 4 | 10 | 20 | 31 |
| High School | 34 | 41 | 19 | 23 | 11 | 15 | 50 | 59 |
| Some College/ University | 53 | 58 | 37 | 43 | 20 | 21 | 73 | 81 |
| Post Secondary | 61 | 64 | 53 | 55 | 21 | 21 | 83 | 83 |
| Post Graduate | 68 | 70 | 63 | 72 | 17 | 18 | 81 | 89 |
| All | 43 | 50 | 32 | 38 | 15 | 17 | 60 | 68 |

Source: Cyber Trends, ComQUEST Research Inc.

- Rates of Internet access are also related to education levels. 89% of Canadians with a post graduate education had access to the Internet in March 2001.

Table 5 Internet Access by Age of Head of Household (%)

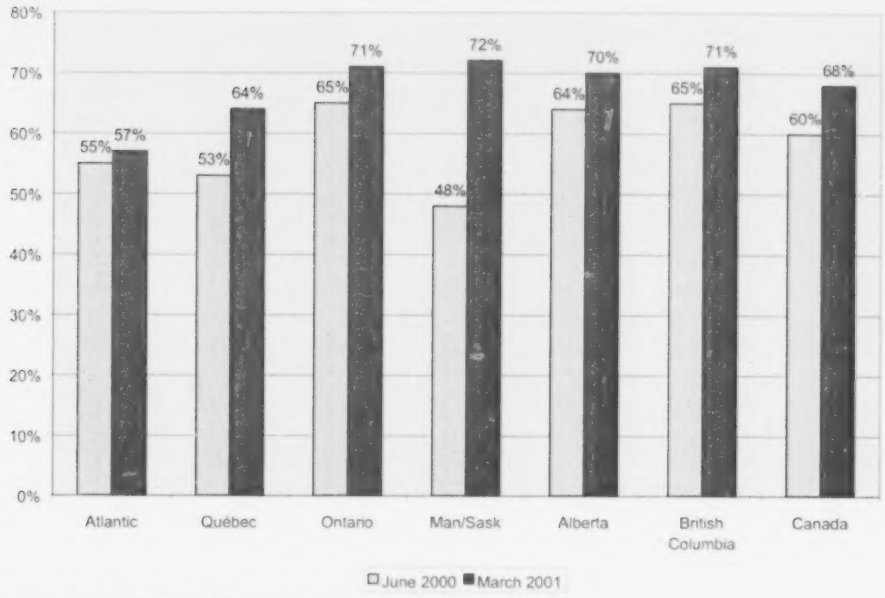
| | Home | | Work | | School | | Overall | |
|---|---|---|---|---|---|---|---|---|
| Age | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 | June 2000 | March 2001 |
| 18-34 | 51 | 56 | 39 | 41 | 30 | 34 | 78 | 83 |
| 35-44 | 52 | 65 | 46 | 49 | 14 | 17 | 71 | 80 |
| 45-54 | 49 | 56 | 37 | 50 | 11 | 15 | 62 | 74 |
| 55-64 | 35 | 54 | 18 | 31 | 4 | 5 | 44 | 58 |
| 65+ | 11 | 17 | 2 | 3 | 0 | 0 | 16 | 22 |
| All | 43 | 50 | 32 | 38 | 15 | 17 | 60 | 68 |

Source: Cyber Trends, ComQUEST Research Inc.

- As a new medium the Internet has been adopted earlier by young households. In March 2001, 83% of households with a head between the ages of 18 and 34 had access to the Internet.

- Households led by senior citizens have not yet adopted the Internet in significant numbers.

Chart 2: Penetration Rates by Region

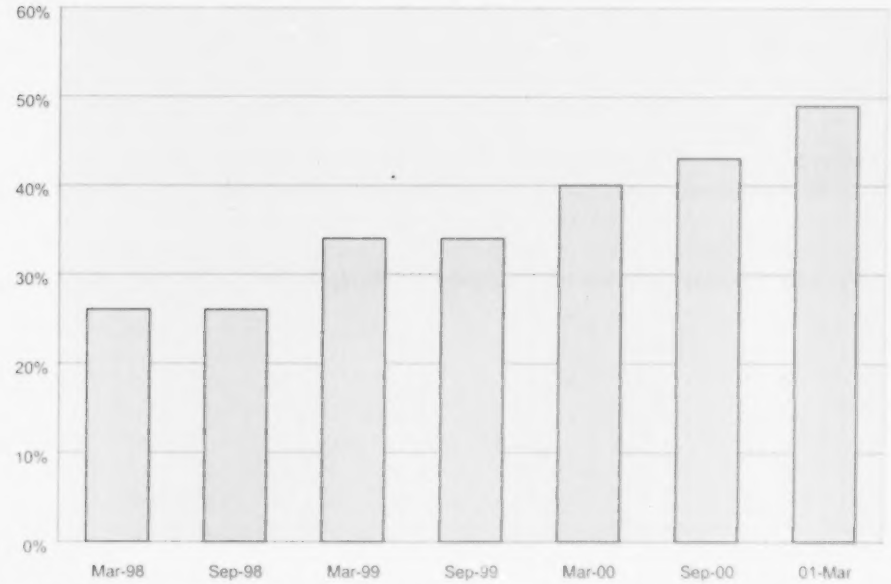



Source: Cyber Trends, ComQUEST Research Inc.

- All areas of Canada have improved their Internet access rates, most notably Manitoba/Saskatchewan and Québec.

### iii. Frequency and Duration of Internet Use

Chart 3: % of all Canadian Adults Using the Internet in a Given Week

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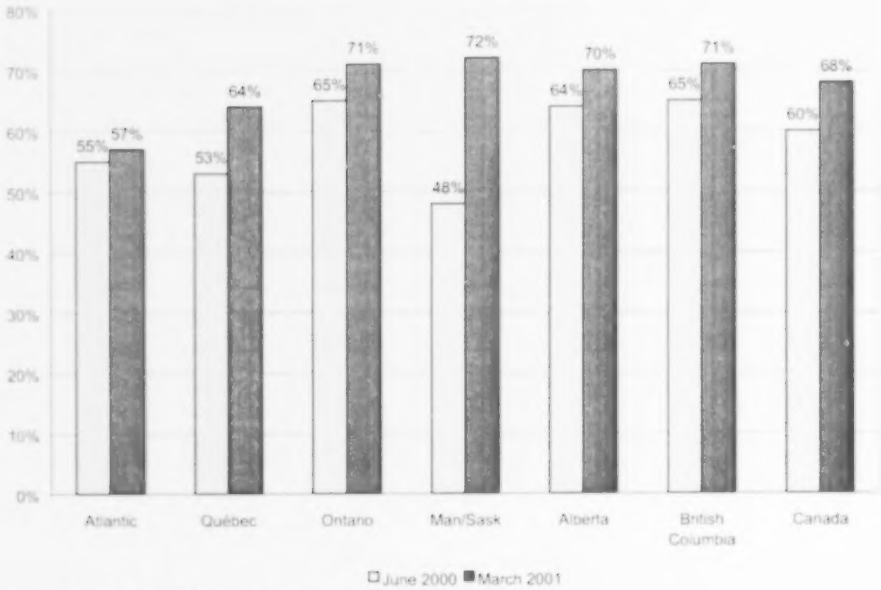


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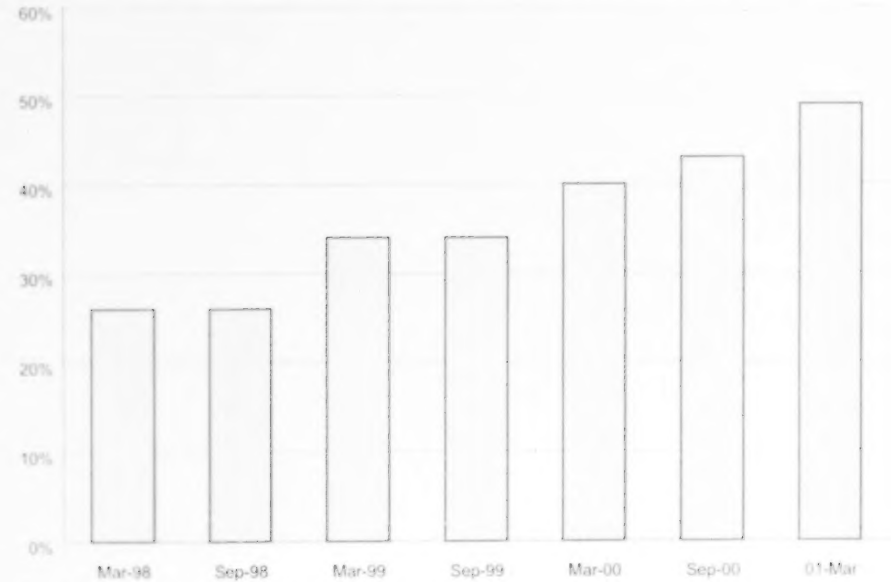
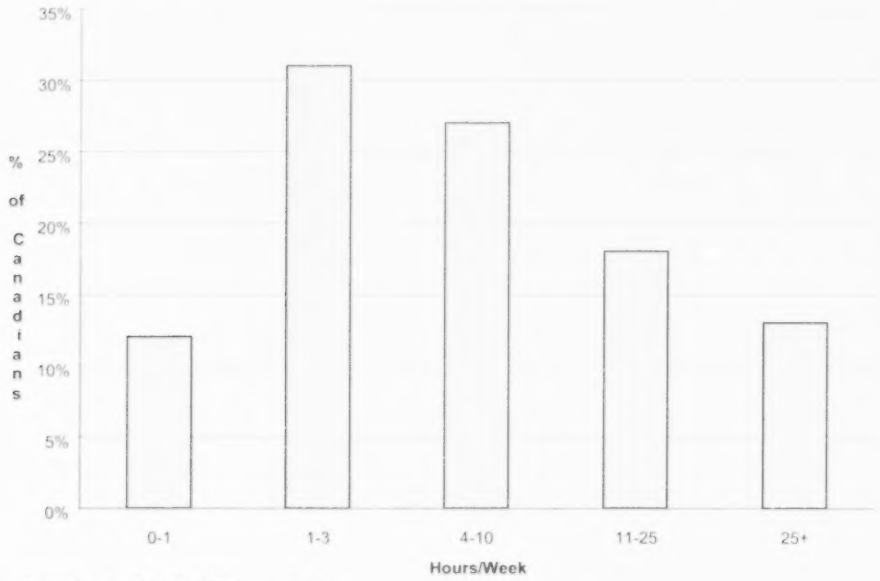



Source: Cyber Trends, ComQUEST Research Inc.

- 68% of all Canadians reported having access to the Internet in March of 2001: 60% of Canadians used the Internet once a month, and 48% used it once a week.

Chart 4: Time Spent by Canadian Adults with Internet Access on the Internet in a Given Week
(March 2001)

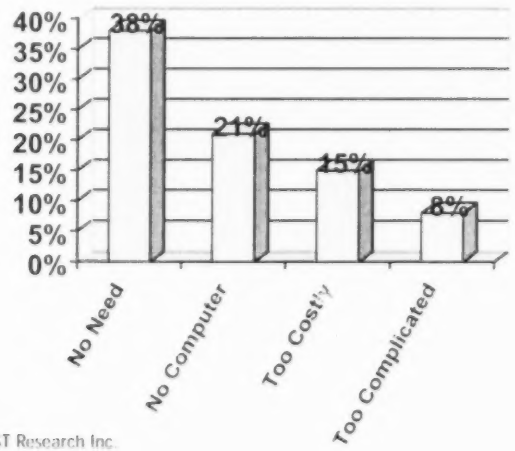



Source: Cyber Trends, ComQUEST Research Inc.

The average Canadian with Internet access connects to the Internet 13 times a week for an average of 12 hours of Internet use a week.

### iv. Profile of Canadians Without Internet Access

Chart 5: Major Reasons for not Having Access to the Internet

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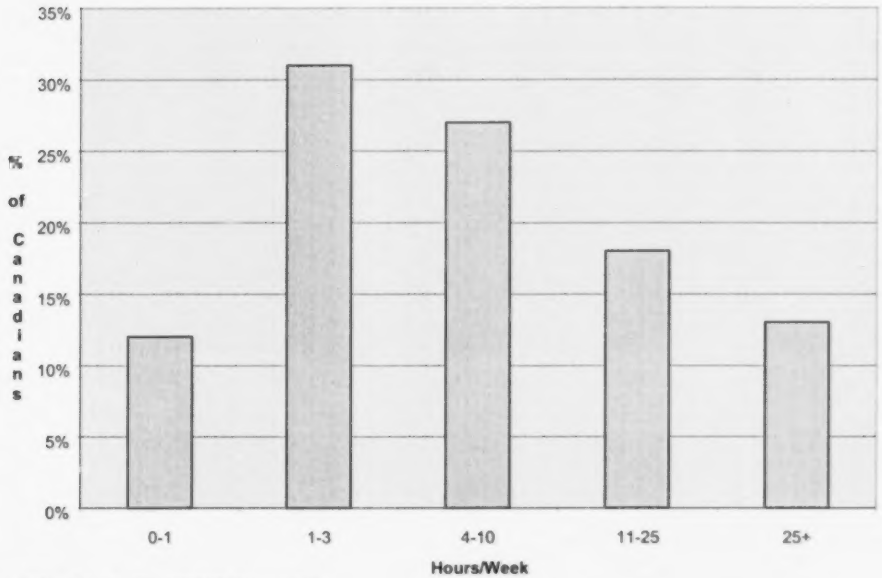


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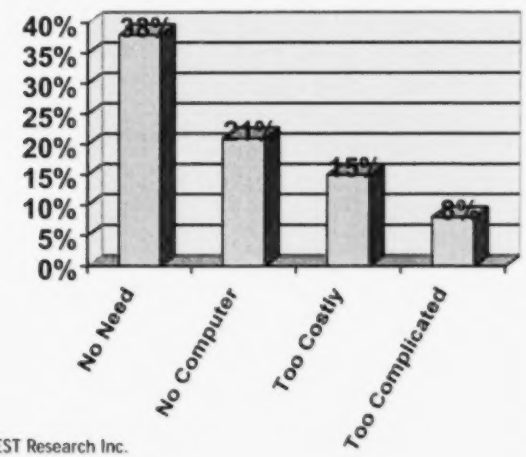



Source: Cyber Trends, ComQUEST Research Inc.

- Over a third of Canadians that do not have access to the Internet don't feel they need it or are not interested in it.

- This lack of interest was distributed relatively evenly across households of different incomes.

- The cost of Internet access does not appear to be a major deterrent.

- The same percentage, 18%, of households with incomes of under $20,000 and incomes of over $80,000, cited cost as a concern.

### v. Internet Activities

- The most common Internet activity is e-mail, followed by visits to specific sites of interest.

On-line Activities of Canadians, March 2001

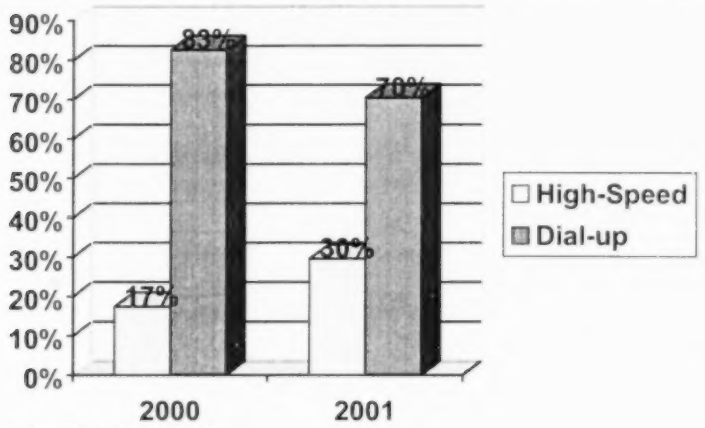
| | % of Canadian adults who connected to the Internet once a month | |
|---|---|---|
| Activity | Most of the Time | Some of the Time |
| E-Mail | 67 | 22 |
| Specific sites of interest | 62 | 27 |
| Search for specific information | 58 | 31 |
| Surf or browse | 19 | 37 |
| Music Related | 13 | 22 |
| Downloading | 12 | 30 |
| Chat | 5 | 12 |
| Online Gaming | 5 | 8 |
| Listen to radio | 4 | 12 |
| Watch video | 2 | 17 |

Source: Cyber Trends, ComQUEST Research Inc.

- 67% of Canadians who connected to the Internet in March of 2001 used e-mail most of the time.

### vi. Type of Internet Access Used at Home

Chart 6: Dial-up and High-speed Internet Access at Home

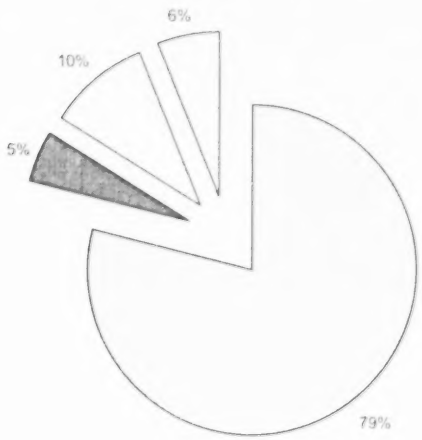



Source: Cyber Trends, ComQUEST Research Inc.

- The data from March 2000 and March 2001 indicate that high-speed Internet access in Canadian homes is growing, almost doubling its share of the market.

- The National Broadband Taskforce was established by Industry Canada to develop a strategy for ensuring that broadband services are availat.. to businesses and residents in every Canadian community by 2004. A community is defined as a Statistics Canada Census Sub-division.

Chart 7: Availability of High-speed Internet Services in Canadian Communities




Source: The New National Dream: Networking the Nation for Broadband Access, National Broadband Task Force

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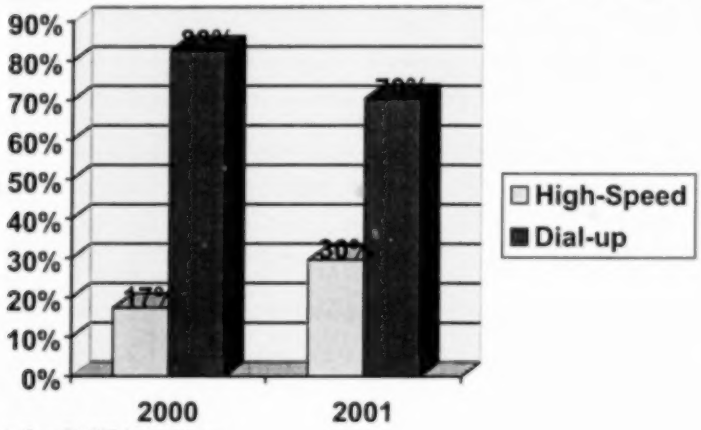


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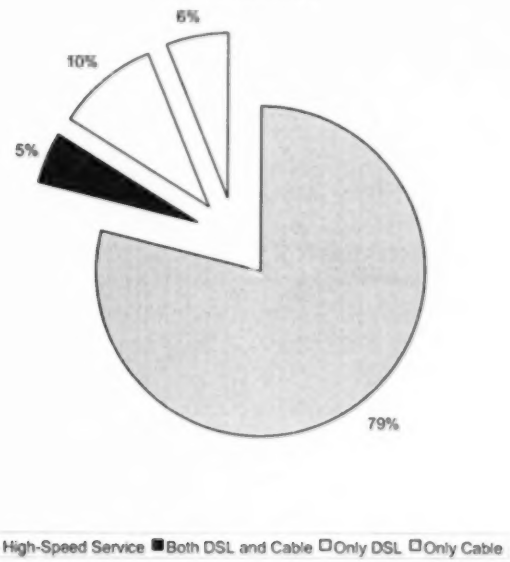



Source: The New National Dream: Networking the Nation for Broadband Access, National Broadband Task Force

- According to a report of the National Broadband Task Force "The New National Dream: Networking the Nation for Broadband Access," approximately three-quarters of Canadians have access to high speed Internet services, with half having a choice between cable and DSL high-speed Internet services.

- Canadians with access to high speed Internet services live in 1,203 of the 4,781 communities present in Canada. The remaining three-quarters of Canadian communities have no access to high-speed Internet services.

- Most urban and sub-urban communities have high-speed access to the Internet, with outlying and remote communities making up the bulk of unserved communities.

**The Canadian Internet Service Provider (ISP) Industry**

Residential Subscribers of the Largest ISP's, 2nd quarter 2001

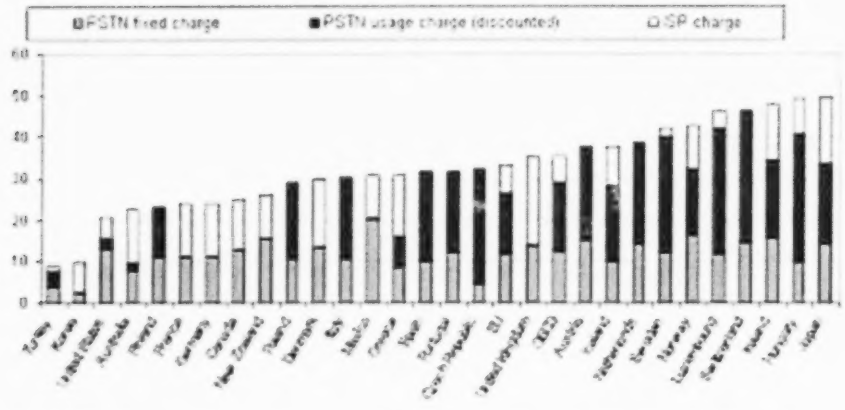
| | Dial-up subscribers (000) | High-speed subscribers (000) | Total subscribers (000) |
|---|---|---|---|
| Bell | 968 | 529 | 1,497 |
| Cybersurf (3web) | 600 | - | 600 |
| Telus | 440 | 127 | 567 |
| Shaw | - | 509 | 509 |
| Rogers | - | 379 | 379 |
| AOL (Compuserve) | 350 | - | 350 |
| Quebecor (Vidéotron) | - | 183 | 183 |
| Look | 169 | 9 | 178 |
| AT&T | 175 | - | 175 |
| Sprint | 116 | - | 116 |
| Cogeco | - | 101 | 101 |
| Technovision (Uniserve) | 60 | 1 | 61 |
| TOTAL | 2,878 | 1,838 | 4,716 |

Notes: All results are as of June 30, 2001, except for Shaw and Cogeco (May 31, 2001) and Look (March 31, 2001). These results do not include the entire ISP industry, only the largest players.
Sources: Quarterly financial reports, corporate press releases.

## vii. Internet Access Rates, Canada and the World

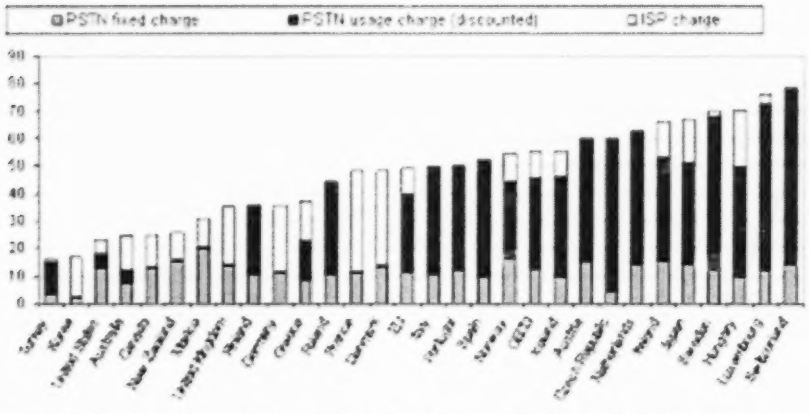
- Canadians enjoy some of the lowest Internet access rates in the world, due in large part to the comparatively low local calling fees. Canada is one of the few countries where local calls are based on a flat monthly fee and not on a per use charge.

Chart 8: OECD Internet Access Basket for 20 hours at peak times using discounted PSTN rates, August 2001, in US$, including VAT




Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 20 one-hour calls. In some countries, ISP and PSTN usage charges are bundled and included under either the ISP or the PSTN charge.
Source: OECD, http://www.oecd.org

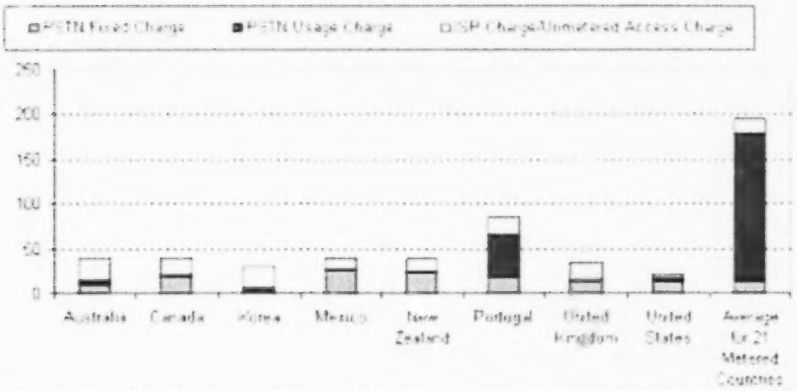
Chart 9: OECD Internet Access Basket for 40 hours at peak times using discounted PSTN rates, August 2001, in US$, including VAT




Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 40 one-hour calls. In some countries, ISP and PSTN usage charges are bundled and included under either the ISP or the PSTN charge.
Source: OECD, http://www.oecd.org

- Canada is also one of the few countries in the world that offers unlimited dial-up or "always on" DSL access. When compared to an average cost for countries which only offer metered Internet access, the cost to Canadians for Internet access becomes even more advantageous.

Chart 10: OECD "Always On" Internet Access Basket at peak times, August 2001, in US$ (PPP), including VAT



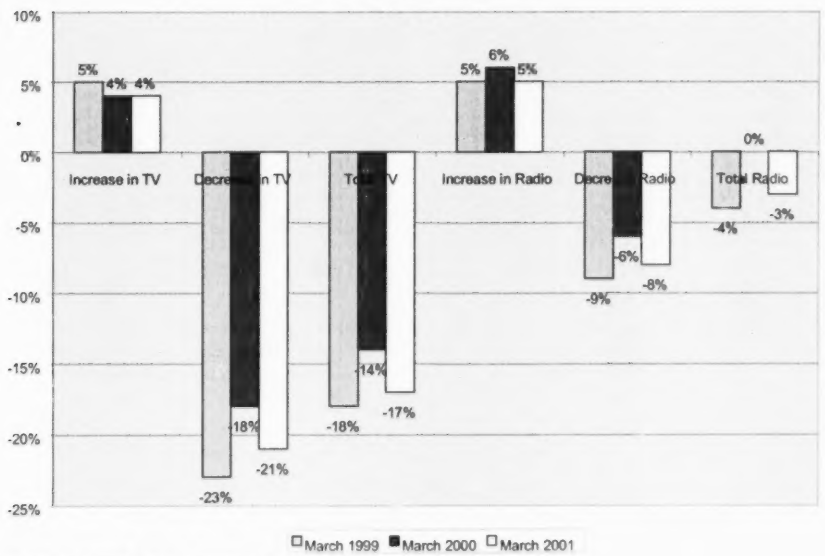

Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 30 one-hour calls, for a total of 150 hours of Internet access per month. "Average" includes all OECD countries with metered telecommunication charges for Internet access.
Source: OECD, http://www.oecd.org

Note: These figures apply only to Internet access via telephone lines.

## D. The Effect of Internet Use on Broadcast Media

- Cybertrends has reported that the rapid increase in Internet use has influenced some Canadians to decrease or increase their use of broadcast media. Overall there has been a net decrease in the use of broadcast media, particularly television, commensurate with the increase in Internet use.

Chart 11: % of Canadians Reporting an Effect of Internet Use on Broadcast Media

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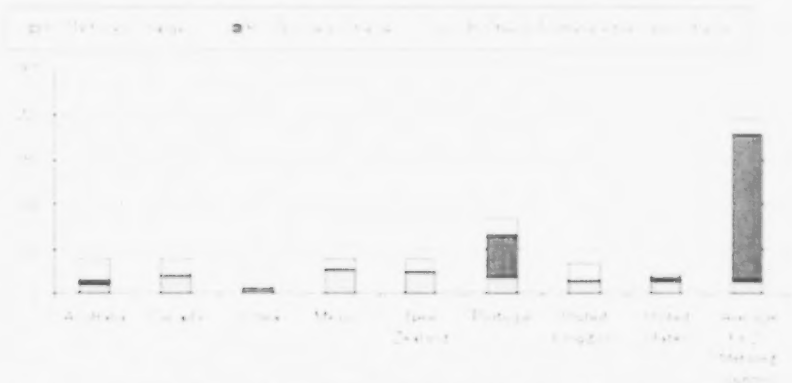

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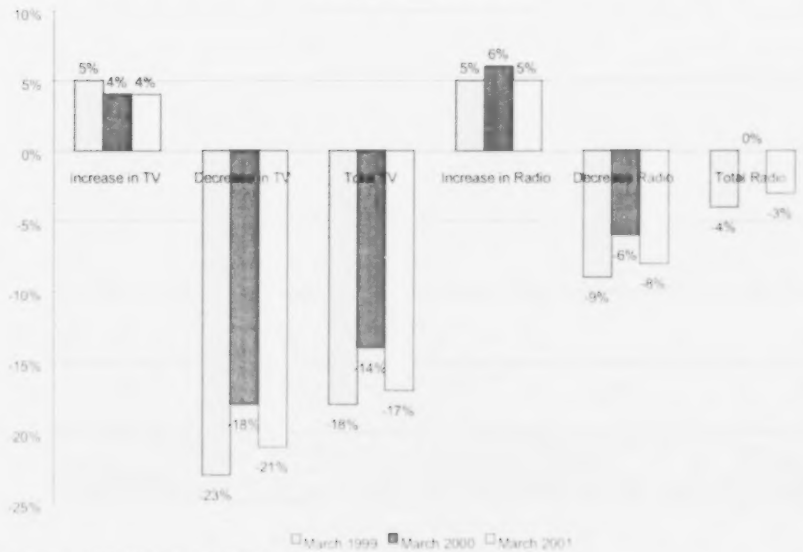


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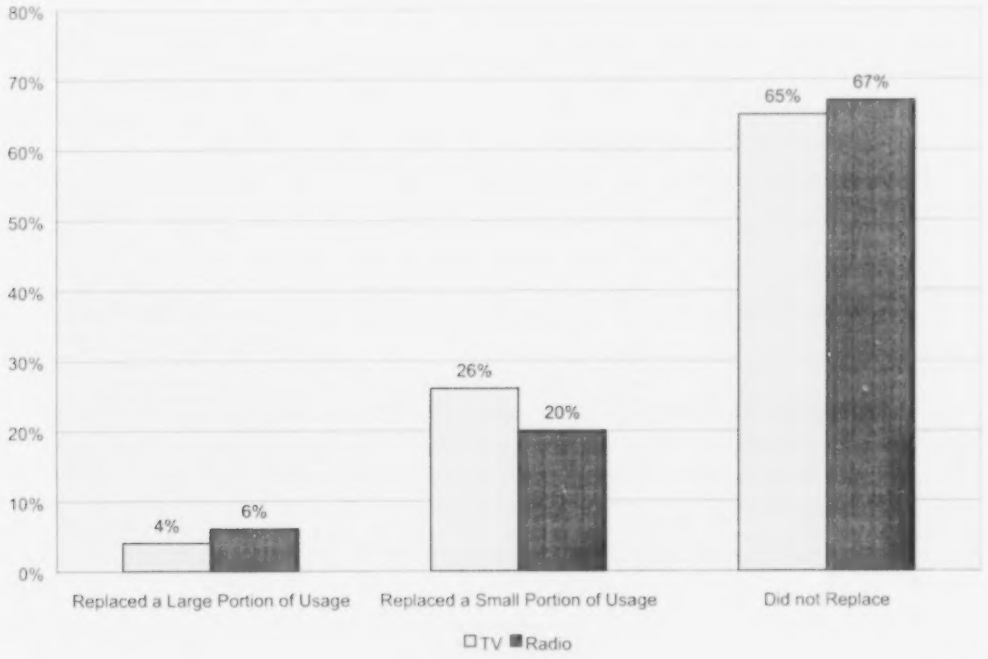
- In 35% of Canadian homes, the TV and computer are in the same room. As a result, 15% of Canadians use the Internet while also watching TV. These Canadians spent an average of 26% of their total TV viewing time simultaneously using the Internet.

- A May 2001 study by Arbitron and Coleman in the United States looked specifically at the effect on broadcast media of streaming media, video and audio.

Chart 12: The Effect of Video Streaming on TV Usage and of Streaming Audio on Radio Usage




Source: Broadband Revolution 2, Arbitron Webcast Services, Coleman

- Internet advertising revenues in Canada virtually doubled in 2000 to $109 million from $55.5 million in 1999, representing 1.5% of overall advertising revenues in Canada.[2]

- Despite the economic slowdown, Internet advertising is still expected to grow by about 30% in 2001.

[1] Panorama Publicitaire 2001, Carat Expert.

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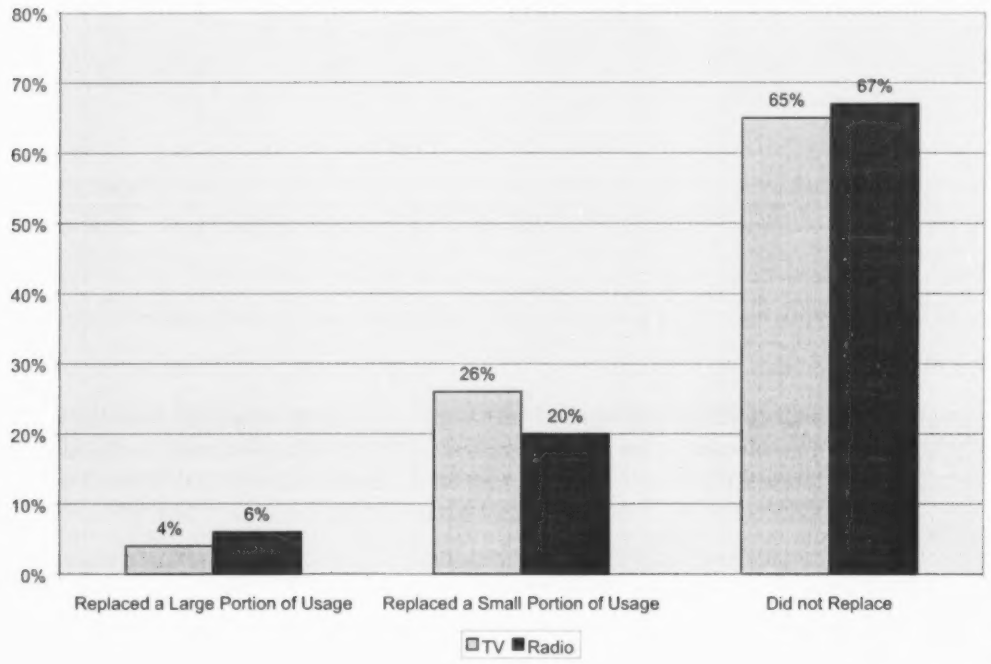


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## E. Trends in Internet Advertising

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- Despite the economic slowdown, Internet advertising is still expected to grow by about 30% in 2001.

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- The United States is still the world leader in Internet advertising, with 6% of all U.S. advertising revenues coming from Internet advertising. The United Kingdom and France are closer to Canada at about 2%.

- Internet advertising continues to take new shapes and forms as technology advances. The banner ad has been joined by pop-up window ads and ads featuring streaming video and audio. E-mail marketing is also a popular form of Internet advertising, and as many as 10% of e-mails received in 2000 were of an advertising nature.

- The majority, 56%, of Canadian Internet users are exposed to Internet advertising when they go on-line. Only approximately 18% have actually clicked on an ad, a figure that has remained steady over the past two years.[3]

- The type of connection seems to be a significant factor affecting Internet advertising, with high-speed users being 55% more likely to have clicked on an Internet ad than the Canadian average.

## E. E-commerce

- Global Internet commerce amounted to CDN$195 billion in 1999, CDN$404 billion in 2000, and is expected to reach $4 trillion by 2004.[4]

- E-commerce in Canada amounted to $11 billion in 1999, and is expected to reach $152 billion by 2004, accounting for 3.9% of world e-commerce.

- As of March 2001, 19% of Canadians reported having made a purchase on-line, although only 14% reported being very comfortable buying on-line.[5]

- 88% of Canadians prefer to purchase from retail stores whereas only 13% indicated that they preferred shopping over the Internet.

- The two most prominent reasons why Canadians don't want to shop on-line were related to concerns over security and privacy. The third most frequent reason is that Canadians want to see a product before purchasing it.

- Half of all Canadians with Internet access, however, used the Internet to search for product information.

- According to an International study[6] Canadians were the eighth most frequent Internet shoppers, with 18% of all Canadian Internet users having purchased on-line.

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[3] Cyber Trends, ComQUEST Research Inc.
[4] Canadian Internet Commerce Statistics Summary Sheet, Industry Canada.
[5] Cyber Trends, ComQUEST Research Inc.
[6] Global eCommerce Report 2001, Taylor Nelson Sofres Interactive.

- Americans are the world's most frequent Internet shoppers, with a third of all U.S. Internet users having made a purchase over the Internet. The global average was 15%.

- Globally, the most popular items purchased over the Internet are books and music.